Comprehensive Annual Financial Report

for the fiscal year ended
June 30, 2011

Prepared by the Financial Services Division
under the direction of
Roberta Broeker, CPA, Chief Financial Officer
and Brenda Morris, CPA, Financial Services Director

Missouri Department of Transportation
105 West Capitol Avenue
Jefferson City, MO 65102
573-751-7098

Missouri Department of Transportation
an agency of the State of Missouri

Table of Contents

Table of Contents

(continued)

This page intentionally left blank

Introductory Section

This page intentionally left blank

MoDOT

Missouri Department of Transportation
Kevin Keith, Director

105 West Capitol Avenue
P.O. Box 270
Jefferson City, Missouri 65102

573.751.2551
Fax: 573.751.6555
1.888.ASK MODOT (275.6636)

September 23, 2011

The Honorable Jay Nixon, Governor
Members of the Missouri Legislature
Members of the Missouri Highways and Transportation Commission
Citizens of the State of Missouri

The Missouri Department of Transportation (MoDOT or the Department) is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Department for the fiscal year ended June 30, 2011.

Revised Statutes of Missouri, Section 21.795, require the Department, an agency of the state of Missouri, to have a financial statement audit performed by independent certified public accountants annually. In fulfillment of this requirement, as well as bond requirements, the Department prepared this CAFR and contracted with the independent auditing firm of BKD, LLP to audit the financial statements.

The objective of the independent audit is to provide a reasonable assurance the financial statements are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the Department's financial statements for the fiscal year ended June 30, 2011, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Their report is presented as the first component in the financial section of this report.

GAAP requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement Management's Discussion and Analysis, which can be found immediately following the report of the independent auditors, and should be read in conjunction with it.

The CAFR includes all funds from which MoDOT spends, with only MoDOT appropriations reported for other state of Missouri funds. These funds are used to record the financial activities of the Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department.

To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the Department's assets from loss, theft, or misuse and to compile reliable information for the preparation of the financial statements in conformity with GAAP. The Department's internal control includes both automated controls, which are an integral component of the financial accounting system, and comprehensive policies and procedures. In addition, the Department's Audits and Investigations Unit is an independent audit unit that performs operational audits of the various districts and divisions of the Department.

Because the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

Profile of the Department

MoDOT works to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri. The Department is responsible for designing, building, operating and maintaining Missouri's transportation system - the seventh largest in the United States with more than 33,000 miles of highway and 10,000 bridges. The Department also works to improve airports, river ports, railroads, public transit systems and pedestrian and bicycle travel.

In 1979, voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation, becoming the Missouri Highways and Transportation Department. In 1996, the Missouri Highways and Transportation Department became the Missouri Department of Transportation by legislative action. The Missouri Highways and Transportation Commission (MHTC or Commission), a six-member bipartisan board, governs the Department. Commission members are appointed by the governor and are confirmed by the Missouri Senate. No more than three commission members may be of the same political party. The Commission appoints MoDOT's director.

The Commission is responsible for the annual update of the Department's five-year Statewide Transportation Improvement Program (STIP) and awards contracts for highway projects. The Commission has authority to issue bonds secured by highway revenues.

On June 8, 2011, the Commission adopted the Bolder Five-Year Direction plan, which consolidated some divisions and reduced the number of districts to seven. The new organizational chart following this letter shows the Department is organized in three operating teams:

- The System Delivery team includes central office divisions and MoDOT's seven districts. This team is responsible for design and construction of new highways and facilities, external civil rights, transportation planning and the five-year STIP, maintenance and safety of the existing highway system and all other modes of transportation.

- The System Facilitation team provides support to the Department's districts and divisions, including personnel, workforce diversity, financial services, general services, information systems, motor carriers regulations and registrations, risk management and employee benefits.

- The Organizational Support team is responsible for customer relations, governmental relations, legal counsel, audits and investigations and the overall results of the organization to ensure the Department is accountable to taxpayers.

Budgetary Controls

The Commission approves the appropriation request submitted to the State Legislature for all governmental funds reported by MoDOT. The request is developed with input from the districts and central office divisions. The legal authority of the State Road Fund budget and amendments is the Commission. The legal authority for all other funds rests with the Legislature, taking action on appropriation requests between January and May for the subsequent year's appropriations.

The Department relies on the statewide accounting system to control total expenditures by appropriation, utilizing features in the system to ensure budgetary compliance. Management control reports are used to monitor spending by program, division or appropriation.

Missouri Economy

Missouri employment is stabilizing and beginning to rebound at a slow pace following the recession. Unemployment rates are often a lagging indicator, continuing to rise for a period after overall economic and employment growth resume. In fiscal year 2011, the unemployment rate rose briefly to 10.2 percent in January and then declined steadily to 9.0 percent in June, half a percent lower than the start of the fiscal year. Compared to the national trend, Missouri unemployment rates tracked closely with the U.S., ending 0.3 percent lower in June of 2011. Employment gains occurred over the year in the areas of manufacturing, trade, transportation, warehousing and professional/business services. Personal income in the first quarter of 2011 is continuing to show growth, nearly 4.1 percent over the prior year; however, consumer sentiment is fairly low, which may restrict consumer spending over the early part of the coming year.

MoDOT continues to contribute to the economy in the areas of job creation, personal income growth and new value added to the economy. An analysis of the 2011-2015 STIP estimates that, on average, each year the plan creates 6,817 additional jobs paying an average wage of $30,785 per job, $318.3 million in new personal income annually and $442.1 million in new value added to the economy annually. This analysis, compared to the 2010-2014 STIP estimates of 7,286 jobs at an average wage of $30,474 per job, $309.2 million in new personal income and $500.4 million in new value added to the economy, shows the declining contribution by the Department in future years as projects funded from Amendment 3 bond proceeds are completed and other revenues are impacted by the weakened economy. In simple terms, reduced revenues result in a declining construction program, and that means fewer jobs and less new value added to Missouri's economy.

The Department's state fuel tax receipts, the second largest source of transportation revenue, remained flat in 2011 from 2010, which is approximately 4.0 percent lower than prior to the recession in 2008. The lack of change is a result of little to no economic growth and volatile fuel prices. There have been no increases in the state motor fuel tax since 1996 and it is not indexed to keep pace with inflation. Motor vehicle sales tax receipts had strong growth, increasing 8.0 percent from 2010. Vehicle and driver licensing fees, similar to motor fuel taxes, are not indexed to keep pace with inflation and no annual registration fee increases have occurred since 1984.

Federal funds are also uncertain. The federal highway act, Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) expired September 30, 2009. Over the last two years, Congress has passed multiple extensions. On September 15, 2011, Congress approved the eighth extension of the SAFETEA-LU. This extension not only provides the authority to distribute funds to the states, but also to collect federal Highway Trust Fund user fees. This extends SAFETEA-LU for another six months or until March 31, 2012. SAFETEA-LU and the extensions provided funding levels greater than the Highway Trust Fund could sustain. Numerous General Fund transfers were required to keep the Highway Trust Fund solvent. Several transportation proposals are being debated ranging from a 35.0 percent reduction to a 40.0 percent increase in funding for the next two to six years. Congress must determine whether to increase transportation revenue or reduce funding to match what the Highway Trust Fund revenue can sustain.

Construction

As of December 2010, 85.8 percent of Missouri's major highway system roadways are in good condition compared to December 2005 when only 61.0 percent were in good condition. This improvement is the result of the Department's unprecedented amount of work. The construction programs have been possible due to Missouri voters approving Constitutional Amendment 3 in 2004. The amendment provides additional revenue by directing motor vehicle sales and use taxes that formerly were deposited in the State's General Revenue Fund to transportation. In accordance with the language of the constitutional amendment, the revenues are used to repay bonds the Department has issued.

In addition to the work on major highway system roadways, the Department has worked at improving minor roads as well. In December 2010, 67.5 percent of minor highway system roadways were in good condition, up from 60.3 percent in December 2009. The Department continued investing in minor road improvements during 2011 by providing an additional $64 million for statewide projects.

An unprecedented amount of work was also made possible when the President signed into law the American Recovery and Reinvestment Act (ARRA) in February 2009. This $787.0 billion act was intended to stimulate the economy and provide jobs to the American public. As of June 30, 2011, the Department has expended $522.1 million of the $639.2 million allocated for Missouri's highway infrastructure, on the job training, ferry boat and forest highway projects. In addition, the Department has also expended $35.7 million for other transportation modes, such as aviation and transit.

As of June 2011, customer satisfaction with MoDOT was 83.0 percent, up from 68.0 percent in 2003. Very satisfied customers are at 28.0, compared to 5.0 percent in 2003. During 2011, the Department awarded 453 new highway and bridge project contracts totaling $780.5 million. This compares to $1.2 billion and $1.4 billion in 2010 and 2009, respectively.

During 2011, the Department completed 284 of the Safe & Sound Bridge Improvement Program bridges, a combined design-build and modified design-bid-build program to replace or rehabilitate 802 small bridges throughout the state. As of June 30, 2011, 456 bridges have been replaced or rehabilitated. The kcICON bridge, a design-build project to rebuild approximately four miles of interstate and construct a new Missouri River bridge in Kansas City, was opened to traffic early and is projected to be fully complete in fiscal year 2012. In addition, construction started in April 2010 and continued through fiscal year 2011 on the Mississippi River Bridge project, a joint project with Illinois to build a new bridge over the Mississippi River at St. Louis.

Long-term financial planning

The Department's 2012 budget, $2.35 billion, approved by the Commission in June, is approximately $604 million less than the Department's 2011 budget, with amendments. The decrease in the construction program is the beginning of the downward spiral of funds available for the program.

The 2012-2016 STIP, approved by the Commission in July, includes $663.3 million for highway and bridge right of way and construction awards in 2012, compared to $715.9 million for 2011. From 2012 through 2016, construction awards average only $602 million each year, approximately one-half the average for the previous five years.

To cope with this funding challenge and a declining construction program, in March 2010 the Department adopted a Five-Year Direction designed to maintain customer satisfaction. The direction was for the Department to deliver commitments promised Missouri citizens in the STIP, while maintaining major highways in good condition, improving minor state roads and holding our own on bridges. This Five-Year Direction required significant cost-saving strategies including reducing the number of the Department's salaried employees and operating expenditures. The measures were estimated to save more than $200 million that will be used in achieving the direction.

Faced with a severe decline in funding for transportation and the inability to match federal funds in the future, the Commission in June 2011 adopted a plan that would expand on the original Five-Year Direction outlined in March 2010. This new bolder plan includes reducing the size of the Department's staff by 1,200, closing 131 facilities, including three district offices, and reducing the equipment it owns by more than 740 pieces. By 2015, the plan will save $512 million that will be used for vital road and bridge projects.

Other Information

The Department is required to undergo an annual Single Audit in accordance with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." The Department's information will be included in the state of Missouri's Single Audit for the fiscal year ended June 30, 2011.

Acknowledgements

This CAFR is published to demonstrate our intention to maintain the highest quality standards of public accountability. This report could not have been published without the dedicated efforts of MoDOT employees. The commitment, professionalism and dedicated efforts of the Financial Services Division staff contributed significantly to the timely preparation of the 2011 report.

Respectfully submitted,

Kevin Keith
Director

Roberta Broeker, CPA
Chief Financial Officer

Principal Officials
as of June 30, 2011

Commission	
Grace M. Nichols	Chairman
Rudolph E. Farber	Vice Chairman
Lloyd J. Carmichael	Member
Stephen R. Miller	Member
Kenneth H. Suelthaus	Member
David Gach*	Member
Pam Harlan	Secretary

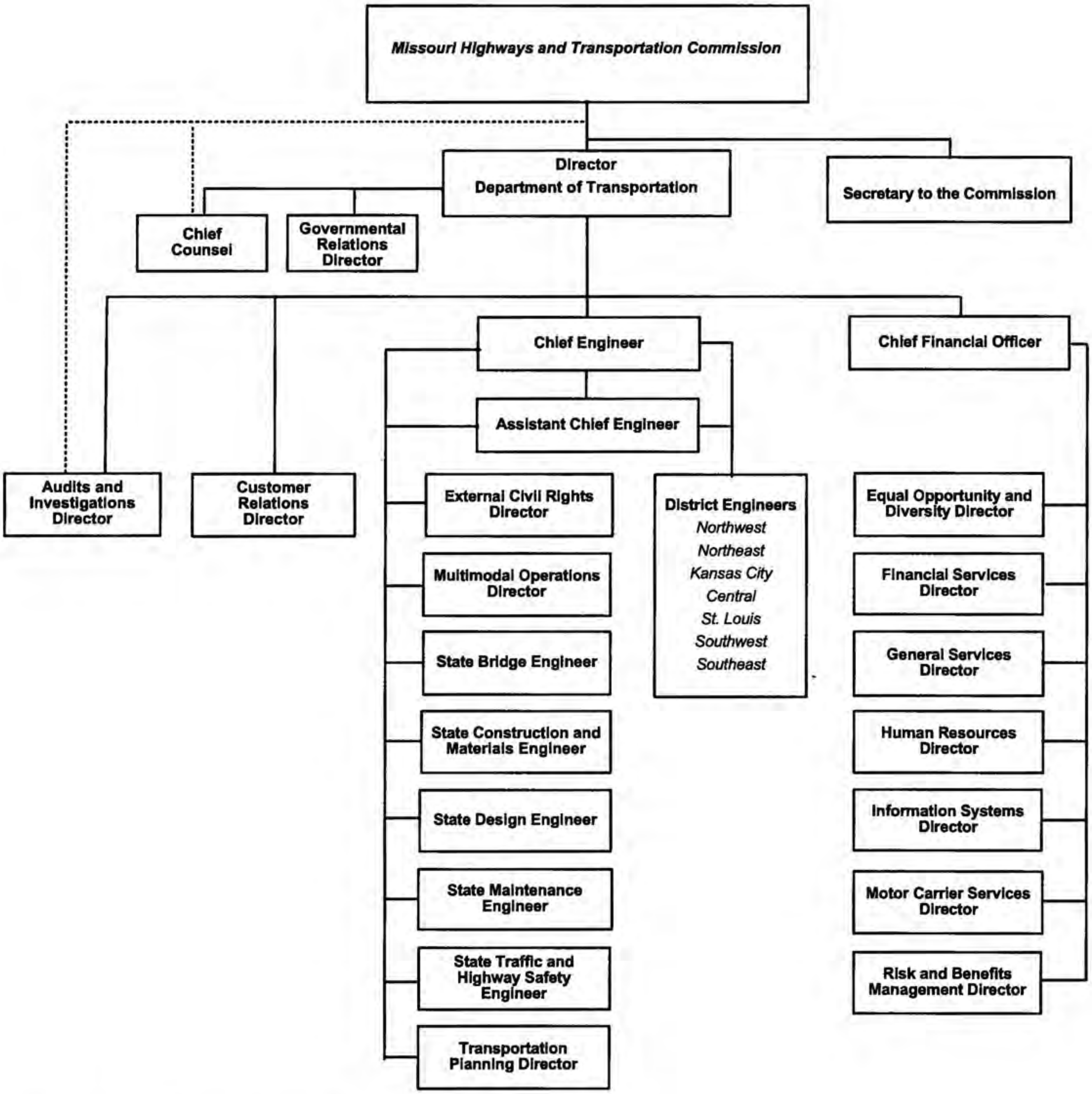
MoDOT	
Kevin Keith	Director
Dave Nichols	Chief Engineer
Roberta Broeker	Chief Financial Officer
Don Hillis	Assistant Chief Engineer
Rich Tiemeyer	Chief Counsel
Bill Rogers	Director of Audits and Investigations
Dennis Heckman	State Bridge Engineer
Dave Ahlvers	State Construction and Materials Engineer
Mara Campbell	Customer Relations Director
Kathy Harvey	State Design Engineer
Rudy Nickens	Equal Opportunity and Diversity Director
Lester Woods	External Civil Rights Director
Brenda Morris	Financial Services Director
Debbie Rickard	General Services Director
Jay Wunderlich	Governmental Relations Director
Micki Knudsen	Human Resources Director
Beth Ring	Information Systems Director
Jan Skouby	Motor Carrier Services Director
Brian Weiler**	Multimodal Operations Director
Jeff Padgett	Risk and Benefits Management Director
Eileen Rackers	State Traffic and Highway Safety Engineer
Machelle Watkins	State Transportation Planning Director

Districts	
Don Wichern	Northwest District Engineer
Paula Gough	Northeast District Engineer
Dan Niec	Kansas City District Engineer
Kirk Juranas	Central District Engineer
Ed Hassinger	St. Louis District Engineer
Rebecca Baltz	Southwest District Engineer
Mark Shelton	Southeast District Engineer

* Mr. Gach's term expired on June 30, 2011.
**Michelle Teel was appointed as Multimodal Operations Director on July 11, 2011.

Organizational Chart

June 30, 2011



The System Delivery team reports to the Chief Engineer.
The System Facilitation team reports to the Chief Financial Officer.
The Organizational Support team reports to the Director.

This page intentionally left blank

Financial Section

This page intentionally left blank

BKD LLP
CPAs & Advisors

910 E. St. Louis Street, Suite 200
P.O. Box 1190
Springfield, MO 65801-1190
417.865.8701 Fax 417.865.0682 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation (Department) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in *Note 1*, the financial statements of the Missouri Department of Transportation are intended to present the financial position, the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the State of Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Missouri as of June 30, 2011 and 2010, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 14*, in 2011, the Department changed its method of accounting for fund balances by retroactively restating prior years' financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary information and schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

September 23, 2011

Management's Discussion and Analysis

Management's Discussion and Analysis

The following section of our annual financial report presents our discussion and analysis of the Department's (or MoDOT's) financial performance during the year. It is intended to assist you in understanding how the various statements relate to each other and provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the letter of transmittal included in the introductory section and information presented in the Department's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The net assets of the Department at the close of the fiscal year were $26.0 billion, compared to $25.4 billion at 2010. Of this amount, $1.4 billion represents the amount available for highways and transportation uses, compared to $1.0 billion in 2010. This represents a 41.1 percent increase in the amount available for highways and transportation uses from 2010 compared to a 45.1 percent increase in 2010 from 2009.
- The Department's capital assets totaled $27.9 billion and $27.4 billion for fiscal years 2011 and 2010, respectively, comprising the majority of noncurrent assts. This represents a 1.8 percent increase compared to a 1.9 percent increase in 2010 from 2009. The Department's investment in capital assets, net of related debt, is $24.6 billion compared to $24.4 billion in 2010.
- Non-current liabilities of the Department total $3.5 billion at June 30, 2011, compared to $3.6 billion at 2010. This decrease of $0.1 billion compares to an increase of $1.1 billion in non-current liabilities in 2010 from 2009.

Fund Highlights

- As of the close of the fiscal year, the Department's *governmental funds* reported combined ending fund balances of $1.6 billion, the same as in 2010.
- Approximately 97.1 percent of the Department's governmental fund balances, or $1.567 billion, are available for spending at the Department's discretion in accordance with the purpose of the funds, compared to 97.3 percent, or $1.569 billion, in 2010.

  The remaining nonspendable fund balance is inventories of $46.7 million, compared to $43.7 million in 2010.
- The *proprietary funds* reported combined net assets of $11.5 million at the close of the fiscal year, compared to $10.8 million in 2010. This increase is primarily the result of planned increases in premiums received, while experiencing decreases in highway liability self-insurance claims. Restricted investments at the close of both years totaled $0.3 million, resulting in unrestricted net assets of $11.2 million and $10.5 million for fiscal years 2011 and 2010, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Department's basic financial statements, which include three components: (1) ***government-wide financial statements,*** (2) ***fund financial statements*** and (3) ***notes to the financial statements***. This section also contains required supplementary information and combining financial statements.

Government-wide Financial Statements (Reporting the Department as a Whole)

The government-wide financial statements are designed to provide readers an overall picture of the Department's financial position. The statements provide both current and noncurrent information about the Department's financial status, which assist the reader in assessing the Department's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which are similar to methods followed by most private-sector businesses. These statements take into account all of the current year's revenues and expenses, even if the related cash has not been received or paid. The government-wide financial statements include two statements: the Statements of Net Assets and the Statements of Activities. These statements take a much longer view of the Department's finances than do the fund-level statements.

- The *Statements of Net Assets* combine and consolidate all of the Department's assets and liabilities, except fiduciary funds, with the difference between the two reported as "net assets". This includes current financial resources, capital assets and long-term obligations. Over time, increases or decreases in the net assets indicate whether the Department's financial health is improving or deteriorating, respectively. Fiduciary fund resources are not reported, as they are not available to support Department programs.

- The *Statements of Activities* present information showing how the Department's net assets changed during the fiscal year. The Department reports changes in net assets as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The Department's basic services are reported as governmental activities, including administration, fleet, facilities and information systems, maintenance, construction, other modal systems and other activities. Taxes, fees and federal grants finance most of these activities.

This report includes two schedules that reconcile the amounts reported on the governmental fund financial statements (prepared using the modified accrual basis of accounting and current financial resources measurement focus) with the governmental activities on the appropriate government-wide statements (prepared using the accrual basis of accounting and economic resources measurement focus). The following summarizes the impact of utilizing Governmental Accounting Standards Board (GASB) Statement 34 reporting:

- Other long-term assets that are not available to pay for current period expenditures are not reported on governmental fund statements.

- Internal service fund activities are reported as governmental activities on the government-wide statements, but reported separately as proprietary funds in the fund financial statements.

- Bond issuance costs are capitalized and amortized to expense as governmental activities, but reported as expenditures in the governmental fund statements.

- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences and others, appear as liabilities only on the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.

- Bond, note and capital lease issuances result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

Fund Financial Statements (Reporting the Department's Major Funds)

The fund financial statements provide detailed information about the major individual funds. A fund is an accounting entity with a self-balancing set of accounts the Department uses to keep track of specific sources of funding and spending for a particular purpose. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. All of the funds of the Department can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note these fund categories use different accounting approaches and should be interpreted differently.

- ***Governmental Funds*** Most of the basic services provided by the Department are reported in governmental funds. Reporting focuses on how financial resources flow in and out of the funds, and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. These statements provide a detailed short-term view of the Department's general governmental operations and the basic services it provides. This information should help determine whether there are more or less current financial resources available for the Department's current needs. Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare these statements with the governmental activities information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund Balance Sheets and the governmental fund Statements of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities in the government-wide statements. These reconciliations are presented on the page immediately following the governmental fund financial statements.

  The Department reports three major governmental funds. Information is presented separately in the governmental funds Balance Sheets and the governmental funds Statements of Revenues, Expenditures and Changes in Fund Balances for the State Highways and Transportation Department Fund (Highway Fund), the State Road Fund (Road Fund) and the State Road Bond Fund. The Highway and Road funds are special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State Road Bond Fund is a debt service fund, which was constitutionally established to receive monies from the state's motor vehicle sales tax and is used to fund the repayment of bonds. Data from other funds are combined into a single, aggregated presentation as nonmajor governmental funds. Examples of the nonmajor funds include statutorily established funds for multimodal activities. Individual fund data for each of these nonmajor governmental funds is provided within combining financial statements following the Notes to the Financial Statements.

- ***Proprietary Funds*** When the Department charges customers for some of the services it provides, whether to outside customers, other agencies, or to units within the Department, these funds are reported in proprietary funds. These funds are used to show activities that operate more like those found in the private sector and utilize full accrual accounting, like the government-wide statements.

  The Department has two internal service funds: MHTC Self-Insurance Plan and the MoDOT and Missouri State Highway Patrol (MSHP) Medical and Life Insurance Plan. Individual data for each of these funds is provided within the combining financial statements following the Notes to the Financial Statements. Internal service fund activities are reported as governmental activities on the government-wide statements with eliminations made to remove the effect of the interfund activity.

- ***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's activities. These agency funds account for monies held on behalf of various political subdivisions and other interested parties.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements, which discuss particular accounts in more detail, can be found immediately following the fiduciary funds Statements of Assets and Liabilities.

Required Supplementary Information

A section of *Required Supplementary Information* follows the Notes to the Financial Statements. This section includes budgetary comparisons and a separate reconciliation between the fund balances for budgetary purposes and the fund balances as presented for the major special revenue funds in the governmental fund financial statements. The Budgetary Comparison has been provided for the Department's two major special revenue funds to demonstrate compliance with this budget. The legal authority for approval of the Department's budget and amendments for all funds, except the Road Fund, rests with the State Legislature. The authority for the Road Fund rests with the Commission.

Also included is a schedule that reports information about the funding progress of the MoDOT and MSHP Medical and Life Insurance Plan.

Combining Statements

The *Combining Statements* section presents statements reporting individual and total columns for nonmajor governmental funds, proprietary (internal service) funds and fiduciary (agency) funds. This information is presented only in summary form in the basic financial statements.

Budgetary Comparison Schedules and Reconciliations

The *Budgetary Comparison Schedules and Reconciliations* section includes budgetary comparisons and reconciliations between the fund balances for budgetary purposes and the fund balances as presented for the major debt service and nonmajor special revenue funds in the governmental fund financial statements. The legal authority for approval of these budgets and amendments rests with the State Legislature.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Department's financial health. The following tables, graphs and analyses discuss the financial position and changes in financial position for the Department as a whole as of and for the fiscal years ended June 30, 2011, 2010 and 2009. The Department's combined net assets increased $612.0 million over the course of this fiscal year's operations, an increase of 2.4 percent. This compares to an increase of $242.0 million in 2010 from 2009.

The following table, with amounts reported in millions, reflects the condensed financial information derived from the Statements of Net Assets as of June 30, 2011, 2010 and 2009:

	2011	2010	2009	Percent Change 2011-2010
Assets				
Current and other assets	$ 1,957	$ 1,947	$ 1,097	0.5 %
Capital assets, net	27,937	27,449	26,943	1.8
Total assets	29,894	29,396	28,040	1.7
Liabilities				
Current liabilities	408	433	352	(5.8)
Noncurrent liabilities	3,492	3,581	2,548	(2.5)
Total liabilities	3,900	4,014	2,900	(2.8)
Net Assets				
Investment in capital assets net of related debt	24,604	24,397	24,461	0.9
Restricted (internal service fund requirements and highways and transportation uses)	1,390	985	679	41.1
Total net assets	$25,994	$25,382	$25,140	2.4 %

The total assets of the Department were $29.9 billion, while total liabilities were $3.9 billion, resulting in a net asset balance of $26.0 billion. By far, the largest portion of the Department's net assets, $24.6 billion, 94.6 percent, was invested in capital assets (i.e., land, buildings, equipment, infrastructure and other), less any related debt outstanding that was needed to acquire or construct the assets. The Department uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

Total assets increased $0.5 billion compared to a $1.4 billion increase in 2010 from 2009. Total liabilities decreased $0.1 billion compared to a $1.1 billion increase in 2010 from 2009. The Department issued $1.1 billion of bonds in 2010 to finance the construction program, increasing cash and investments and the liability of the department.

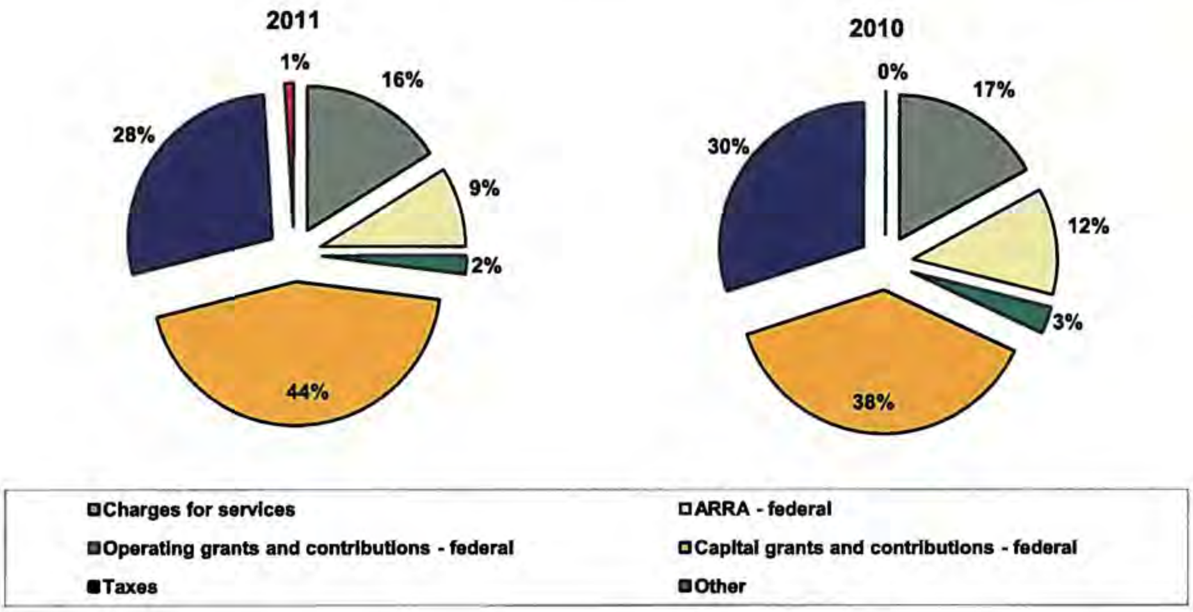
Statements of Activities

The following condensed financial information was derived from the government-wide Statements of Activities and reflects how the Department's net assets changed during the year, compared to the prior year. The information for the fiscal years ended June 30, 2011, 2010 and 2009 is reported in millions.

	2011	2010	2009	Percent Change 2011-2010
Revenues				
Program revenues				
Charges for services	$ 458	$ 423	$ 479	8.3 %
American Recovery and Reinvestment Act	249	298	28	(16.5)
Operating grants and contributions – federal government	58	84	77	(31.0)
Capital grants and contributions – federal government	1,228	974	834	26.1
General revenues				
Taxes	769	754	734	2.0
Investment earnings	14	12	28	16.7
Miscellaneous	7	(4)	15	275.0
Total revenues	2,783	2,541	2,195	9.5
Expenses				
Program expenses				
Administration	33	34	35	(3.0)
Fleet, facilities and information systems	45	55	55	(18.2)
Maintenance	412	434	424	(5.1)
Construction	319	268	258	19.0
Multimodal operations	65	110	86	(40.9)
Interest on debt	148	138	107	7.3
Other state agencies	199	178	175	11.8
Self-insurance (workers' compensation and liability)	29	32	19	(9.4)
Medical and life insurance	94	91	90	3.3
Other post-employment benefits	79	83	66	(4.8)
Depreciation on assets	748	876	750	(14.6)
Total expenses	2,171	2,299	2,065	(5.6)
Changes in net assets	612	242	130	152.9
Net assets, beginning of year	25,382	25,140	25,007	1.0
Restatement of net assets, intangibles	—	—	3	—
Net assets, beginning of year, as restated	25,382	25,140	25,010	1.0
Net assets, end of year	$25,994	$25,382	$25,140	2.4 %

Governmental Activities

The following chart depicts revenues of the governmental activities, as a percent, for the fiscal years ended June 30, 2011 and 2010:



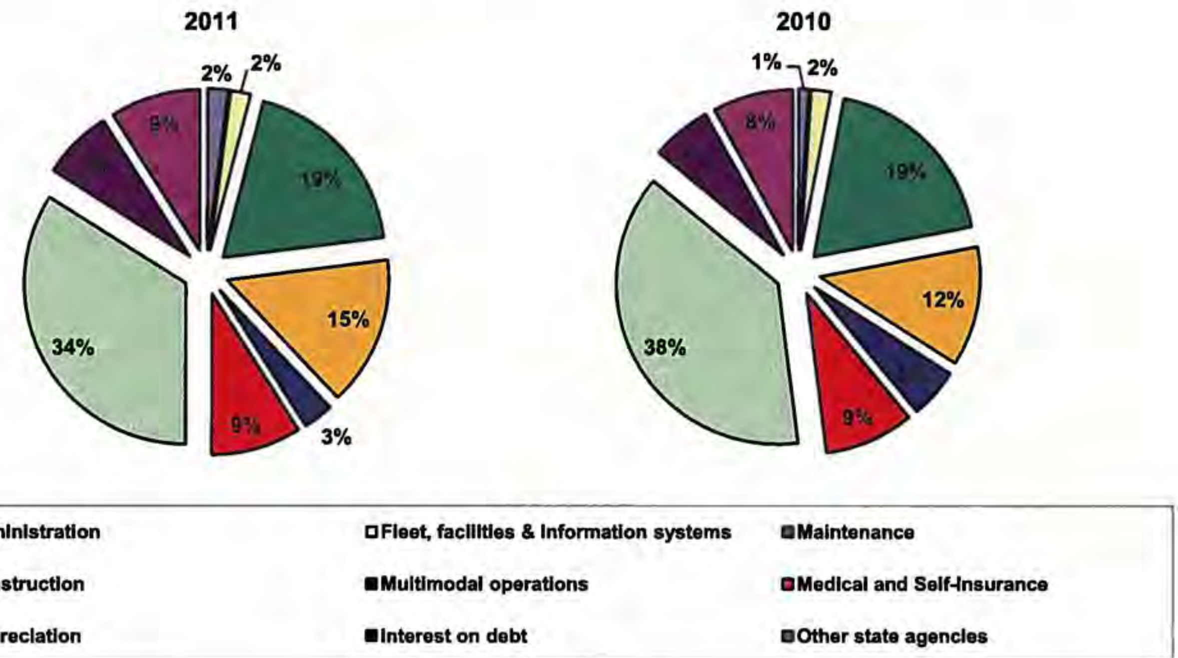
Revenues for the year increased $242.0 million compared to an increase of $346.0 million in 2010 from 2009. Federal grants revenue, including American Recovery and Reinvestment Act (ARRA), increased $179.0 million from 2010, primarily due to the timing of advance construction receipts. Advance construction is a Federal Highway Administration financing technique that allows states to initiate a project using non-federal funds (e.g. Amendment 3 bond proceeds) and claim reimbursement in later years when additional federal funds are apportioned to states. Slight decreases occurred in ARRA and federal operating grants revenue. The following three revenue sources provided $2.5 billion, or 88.2 percent, of the Department's revenues:

- Charges for services, including licenses, fees, permits and cost reimbursements: $458.1 million
- Sales, use and fuel taxes: $768.7 million
- Federal Highway Administration capital grants: $1,228.2 million

In 2010, these same revenue sources provided $2.2 billion, or 84.7 percent, of the Department's revenues.

While motor fuel taxes and vehicle licenses, fees and permits remain stagnant, vehicle sales and use taxes have grown in 2011. However, state transportation funding remains unstable because of the weakened housing and credit markets, volatile fuel prices and slower employment. Capital grants increased from 2010 due to the timing of advance construction receipts. In July 2010 and June 2011 (state fiscal year 2011) large federal reimbursements were received from advance construction conversions that were expected in the previous and current fiscal years.

The following chart depicts expenses of the governmental activities for the fiscal years ended June 30, 2011 and 2010.



Expenses for the year decreased $128.0 million, or 5.6 percent. The most significant decrease is depreciation on assets, $128.0 million. Infrastructure depreciation expense decreased in 2011 from 2010 as the Department's investments in longer life infrastructure increased. The average remaining useful life of the Department's infrastructure at the end of 2011 was 31 years, compared to 28 years at the end of 2010. With the implementation of the Department's original Five-Year Direction, a decrease in the fleet, facilities and information systems program, $10.0 million, and in the maintenance program, $22.0 million provided funds to be redistributed to the construction program. Bond funds were available for system improvements, both capital and non-capital in nature, increasing construction activities. The decrease in multimodal operations, $45.0 million, is because of having less ARRA expenditures.

The Department's expenses for construction and maintenance of the state's highway system totaled $731.0 million and $702.0 million in 2011 and 2010, respectively. This represents 33.7 percent and 30.5 percent of the total expenses for 2011 and 2010, respectively.

FUND FINANCIAL ANALYSIS

As previously mentioned, the Department uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of highlights from the fund financial statements. The purpose of the Department's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources.

Governmental Funds

At the end of the fiscal year, the fund balances of the governmental funds totaled $1.6 billion, an increase of $1.0 million from the previous year. This compares to an increase of $844.2 million in 2010 from 2009. Revenues from the federal government increased $224.5 million from 2010 because of the timing of advance construction receipts. The Department spent $84.6 million less in 2011. This change is a combination of decreases in capital outlays, $156.0 million, maintenance, $21.6 million, administration and fleet, facilities and information systems, $10.9 million, and multimodal operations, $45.3 million, and a combination of increases from construction, $45.5 million, debt service, $81.5 million, and other state agencies expenditures, $22.2 million. These changes reflect the implementation of the original Five-Year Direction and the completion of ARRA projects in previous years. Other financing sources decreased $1.1 billion because no new bonds were issued in 2011.

State Highways and Transportation Department Fund: The Highway Fund was established by statute to receive revenues derived from the use of state highways. The fund pays the costs incurred to collect revenues received and to administer and enforce state motor vehicle laws and traffic regulations. As shown on the Balance Sheets, the fund ended the fiscal year with assets of $120.1 million, liabilities of $12.3 million and a restricted fund balance of $107.8 million. Amendment 3 included not only a change in revenue allocation, but also changed the Department's expenditure funding. As a result of Amendment 3, the Department's expenditures, with the exception of Motor Carrier Services refunds, are paid from the Road Fund. The Constitution requires the balance of funds remaining after other state agency expenditures be transferred to the Road Fund.

As shown on the Statements of Revenues, Expenditures and Changes in Fund Balances of the governmental funds, the Highway Fund had $734.9 million in revenues, a decrease of $3.8 million from 2010. In 2010, revenues were $6.7 million more than 2009. As can be seen from the slight increases and decreases in fuel and sales taxes, the impacts of the recession still linger.

State Road Fund: The Road Fund was constitutionally established to receive monies from the motor vehicle sales tax, the federal government and other revenues. This is the primary operating fund of the Department and pays to construct, improve and maintain the state highway system and to administer the Commission and the Department. The fund ended the year with assets of $1.6 billion, a decrease of $0.8 million from 2010. This compares to an increase in 2010 of $841.4 million from 2009. Liabilities totaled $176.7 million, an increase of $4.1 million from 2010; and fund balances totaled $1.4 billion, a decrease of $4.8 million from 2010 compared to an increase of $847.6 million in 2010 from 2009.

State Road Bond Fund: The Bond Fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used to fund the repayment of bonds issued by the Commission. The fund was established in fiscal year 2006 as a debt service fund. At the end of this fiscal year, total assets were $35.1 million, compared to $26.8 million in 2010. The Bond Fund reflects the increase in sales tax revenue. The ARRA revenue represents the federal government subsidy received for the Build America Bonds issued in 2010. Expenditures of the Bond Fund were $97.9 million in 2011 compared to $97.1 million in 2010, as revenues were used to repay bonds.

Proprietary Funds

The Department's internal service funds consist of the MHTC Self-Insurance Fund (workers' compensation, fleet liability and general liability) and the MoDOT and MSHP Medical and Life Insurance Plan. The self-insurance fund receives premiums from the Department for fleet and general liability claims, and from the Department, MSHP and MoDOT and Patrol Employees' Retirement System (MPERS) for workers' compensation claims. The Department, MSHP, MPERS and employees of those agencies pay premiums to the medical and life insurance fund.

As shown on the Statements of Net Assets – Proprietary Funds, the total assets increased $9.7 million in 2011 compared to an increase of $7.9 million in 2010. Total current liabilities of the proprietary funds at 2011 were $46.6 million, an increase of $5.3 million from 2010. In 2010, total current liabilities of the proprietary funds increased $1.0 million from 2009. Total pending self-insurance claims and incurred but not reported claims increased $8.0 million compared to a $12.7 million increase in 2010 from 2009.

Total net assets of the internal service funds increased $0.6 million at the end of the current fiscal year to $11.5 million compared to a decrease of $4.4 million in 2010 from 2009.

The largest operating expenses of the proprietary funds, medical and prescription drug benefits, totaled $103.3 million compared to $99.9 million in 2010. This accounts for 70.6 percent of the total operating expenses, compared to 68.8 percent in 2010. This $3.4 million increase compares to a $4.2 million increase in 2010 from 2009. The medical benefits plan actuaries projected the growth rate at approximately 8.0 percent; however, the actual was approximately 3.4 percent.

Fiduciary Funds

The Department's agency funds are used to account for monies held on behalf of various political subdivisions and other interested parties. These funds act as clearing accounts and thus do not have net assets.

SIGNIFICANT EVENTS FOR THE YEAR ENDED JUNE 30, 2011

On October 6, 2010, the Commission authorized the issuance of up to $160,000,000 in Senior Lien Refunding State Road Bonds. The bond proceeds refunded a portion of the Series A 2001 Bonds, the Series A 2002 Bonds and the Series A 2003 Bonds with a par amount totaling $141.3 million. The par amount of the refunding bonds was $130,390,000 with a true-interest-cost of 2.45 percent. Approximately $13.3 million in savings was achieved with this refunding.

On December 1, 2010, the Commission authorized the calling of Senior Lien State Road Bonds, Series A 2000, totaling $13,675,000, which were callable February 1, 2011. By calling these bonds, the Commission saved approximately $630,000 between February 1, 2011 and January 31, 2013, given the earnings potential on investments.

The kcICON project, awarded in November 2007, included rebuilding about four miles of interstate and constructing a new landmark Christopher S. Bond Missouri River bridge in Kansas City. In December 2010, this major highway project was opened to traffic early and is projected to be fully complete in fiscal year 2012. The Safe & Sound Bridge Improvement Program is a two-pronged program to improve 802 of the state's lowest rated bridges. Of the 802 total, 248 bridges were identified for rehabilitation and the remaining 554 for full replacement through a design-build contract. As of June 30 2011, 456 bridges have been replaced or rehabilitated. The project is scheduled for completion by December 2013, earlier than originally projected.

On February 28, 2008 the Department entered into an Agreement with the state of Illinois, through the Illinois Department of Transportation, to design and construct a new 4-lane Mississippi River bridge and approaches in Illinois and Missouri. The project, identified as the New Mississippi River Bridge, includes the main span, as well as Missouri and Illinois approaches, interchanges in both Missouri and Illinois, relocation of Illinois Route 3 and a tri-level in Illinois. The total estimated cost of the project at June 30, 2011 is $748.1 million, with Missouri and Illinois participating in the main span and approaches at 33.0 percent and 67.0 percent, respectively. The main span and approaches are under contract. All projects, except Illinois Route 3, are planned for completion by January 2014.

Additional federal revenues became available to all states when the President signed ARRA into law. As of June 30, 2011, on a cash basis, the Department has expended $522.1 million of the $639.2 million allocated for Missouri's highway infrastructure, on the job training, ferry boat and forest highway projects. In addition, the Department has also expended $35.7 million for other transportation modes, such as aviation and transit.

The Department, like other entities, has been impacted by increased costs of petroleum products utilized in daily maintenance operations. However, construction project bid amounts and subsequent awards have been at less than programmed amounts. The Department has successfully used a variety of innovations, which focus on getting the most value for each tax dollar, better, faster and cheaper than ever before. Innovations include:

- practical design, governed by three ground rules – safety, communication and quality – delivers "good" projects everywhere, instead of "perfect" projects somewhere;
- value engineering, a systematic process to review and provide recommendations to improve value while addressing the project's purpose and need;
- alternate bidding of materials on specific projects;
- alternate technical concepts allowing the bidder to propose designs with bid submittal; and
- packaging of bids to increase competition among bidders.

As a result of approaching projects using innovative concepts, projects totaling $1.0 billion were completed in 2011 at 15.4 percent under the programmed cost. The Department is recognized nationally by other departments of transportation for the Department's performance management system and practical design efforts.

For the fifth year in a row, Missouri has reduced its highway fatalities. The 2010 number, 821, is the lowest since 1950. This is a huge accomplishment considering the dramatic differences between now and 1950; increased population, number of miles traveled and number of registered vehicles. These lives have been saved because the agencies trying to save lives are working together. The Department has made significant safety improvements through its construction program and also administers the State's federal highway safety grant program, working closely with other safety advocates to make roads and work zones safer and change driver behavior.

In 2011, the Department implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report government funds. Additional information is presented in the Accounting Pronouncements note disclosure.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2011, totals $50.8 billion, with accumulated depreciation of $22.9 billion and a net value of $27.9 billion. The net value represents an increase of $488.3 million from fiscal year 2010, compared to an increase of $505.2 million in 2010 from 2009. Depreciation charges totaled $747.7 million in fiscal year 2011, compared to $876.5 million in 2010. These assets, with amounts in millions, are summarized in the table below. Additional information about the Department's capital assets is presented in the Notes to the Financial Statements.

	2011	2010	2009	Percent Change 2011-2010
Land and permanent easements	$ 2,477	$ 2,448	$ 2,398	1.2 %
Software in progress	1	1	—	—
Construction in progress	126	164	190	(23.2)
Infrastructure in progress	3,157	2,726	2,461	15.8
Land improvements	15	7	7	114.3
Buildings	168	152	148	10.5
Software	4	4	6	—
Equipment	120	123	124	(2.4)
Vehicles	68	67	64	1.5
Temporary easements	3	5	4	(40.0)
Infrastructure	21,798	21,752	21,541	0.2
Total	$27,937	$27,449	$26,943	1.8 %

As provided by GAAP, the Department records its infrastructure assets at actual or estimated historical cost. Included in infrastructure are more than 33,000 miles of highways and 10,000 bridges that the Department is responsible for maintaining.

The STIP sets the specific construction projects the Department will undertake in the next five years. It covers highways and bridges, transit, aviation, rail, waterways, enhancements and other projects. The program, updated annually, is dynamic with adjustments made to project plans during the life of the STIP based on needs and goals of the Department. The Commission approves amendments during the fiscal year as circumstances require.

Debt Administration

The following table, reported in millions, presents a summary of the Department's long-term obligations for governmental activities. Additional information about the Department's long-term obligations is presented in the Notes to the Financial Statements.

	2011	2010	2009	Percent Change 2011-2010
State road bonds	$3,205	$3,353	$2,356	(4.4)%
Premium on bonds and deferred refunding	96	98	79	(2.0)
Advances from other entities and State of Missouri component units	24	33	27	(27.3)
Capital lease obligations	8	14	20	(42.9)
Compensated absences	37	38	38	(2.6)
Other liabilities	10	4	6	150.0
Other post-employment benefits	214	158	97	35.4
Total obligations	3,594	3,698	2,623	(2.8)
Current portion of obligations	168	179	127	(6.2)
Total noncurrent obligations	$3,426	$3,519	$2,496	(2.7)%

The Department's total obligations, excluding pending self-insurance claims and incurred but unreported claims, decreased $104.0 million from 2010, compared to an increase of $1.1 billion in 2010 from 2009. At the end of the current fiscal year, state road bonds total $3.2 billion, or 89.2 percent, of the total obligations. Revenues collected under Article IV, Section 30(a) and (b) of the Missouri Constitution and revenues collected from federal highway reimbursements secure the bonds. These revenues are state highway user fees, including fuel taxes, sales and use taxes, licenses and fees and federal highway reimbursements.

The advances from other entities and state of Missouri component units are related to construction projects accelerated to meet the needs of the users. Principal payments are due on various dates through fiscal year 2021.

The Department has entered into various capital lease obligations. The lease-purchase agreements provide a means of financing office and heavy equipment. In addition to equipment lease-purchase agreements, the Department entered into an agreement for an office facility to accommodate the consolidation of motor carrier services in fiscal year 2005. Capital lease payments mature on various dates through fiscal year 2020.

RECENT EVENTS AND FUTURE BUDGETS

The Department's fiscal year 2012 budget for all funds was approved by the Legislature in May 2011 and signed into law by the Governor in June 2011. The fund level is the legal level of control for the Road Fund, with approval of the Road Fund budget by the Commission. The Commission approved the budget for all funds in June 2011, with a total spending plan of $2.35 billion.

Federal funds are also uncertain. The federal highway act, Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) expired September 30, 2009. Over the last two years, Congress has passed multiple extensions. On September 15, 2011, Congress approved the eighth extension of the SAFETEA-LU. This extension not only provides the authority to distribute funds to the states, but also to collect federal Highway Trust Fund user fees. This extends SAFETEA-LU for another six months or until March 31, 2012. SAFETEA-LU and the extensions provided funding levels greater than the Highway Trust Fund could sustain. Numerous General Fund transfers were required to keep the Highway Trust Fund solvent. Several transportation proposals are being debated ranging from a 35.0 percent reduction to a 40.0 percent increase in funding for the next two to six years. Congress must determine whether to increase transportation revenue or reduce funding to match what the Highway Trust Fund revenue can sustain.

Due to stagnant state revenues, uncertain federal funding and no more bond proceeds from the Amendment 3 bonds, the new five-year transportation construction program approved by the Commission in July 2011 reflects a continued smaller investment in highway and bridge construction. The STIP identifies transportation projects planned for 2012 through 2016. The last five years' construction awards have averaged $1.2 billion. For the 2012-2016 STIP, the awards average will be $602.0 million a year.

To cope with this funding challenge, while recognizing the impact of transportation on the quality of life of citizens of the State and desiring to maintain customer satisfaction, the Department outlined a Five-Year Direction in March 2010. That direction focused on honoring the commitments made by the Department in the STIP, keeping Missouri's major roads in good condition, improving the condition of minor roads and maintaining bridges with needed repairs and maintenance. This direction required changes in current operations, including implementing significant cost-saving strategies. The strategies included reductions in the number of salaried employees and operating expenditures. The funds saved through cost reductions will be invested in the state's transportation system, consistent with the Five-Year Direction.

Faced with a possible severe decline in funding for transportation and the inability to match federal funds in the future, the Commission in June 2011 adopted a plan that would expand on the original Five-Year Direction outlined in March 2010. This new bolder plan includes reducing the size of the Department's staff by 1,200, closing 131 facilities, including three district offices and reducing the equipment it owns by more than 740 pieces. By 2015, the plan will save $512.0 million that will be used for vital road and bridge projects.

At its September 14, 2011 meeting, the MHTC voted to establish a new retiree health care contribution strategy for future retirees. For employees who retire on or after January 1, 2014, the Commission contribution will be based on the employee's years of service, rather than a flat percentage of the monthly premium.

ECONOMIC CONDITIONS

The current economic environment presents government entities, including state transportation departments, with unusual circumstances and challenges. The past year has been marked by only a slight improvement in the Missouri economy. Consumer sentiment indices have shown some improvement in consumer confidence, but consumers are expected to remain cautious with spending, as the economic recovery will likely be slow. This may negatively impact the various sources that fund the Department and other government entities, resulting in delays in collection of receivables and availability of future funding. Such changes affecting funding sources could have a significant impact on the operations, including future highway projects, of the Department. For the past five fiscal years, the Department has experienced a favorable bidding environment for construction projects. During this time, 2,103 highway and bridge construction projects estimated at $6.1 billion were awarded for $5.5 billion, a 10.5 percent difference.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Missouri Department of Transportation's interested parties, including citizens, taxpayers, customers, investors and creditors, with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Missouri Department of Transportation, Financial Services Division, P.O. Box 270, Jefferson City, MO 65102. This report is also included in the Report to the Joint Committee on Transportation Oversight and is available on the Department's web site at www.modot.mo.gov after presentation to the Joint Committee.

This page intentionally left blank

Government-wide Financial Statements

Statements of Net Assets
June 30, 2011 and 2010

	Governmental Activities	
	2011	**2010**
Assets		
Current assets		
Cash and cash equivalents	$ 1,471,248,467	$ 1,346,480,323
Investments	41,685,166	63,292,613
State taxes and fees receivables	131,775,001	138,000,657
Federal government receivables	67,608,974	192,586,768
Miscellaneous receivables, net	39,114,897	28,047,313
Loans receivable	443,022	372,027
Inventories	46,730,728	43,710,680
Total current assets	1,798,606,255	1,812,490,381
Noncurrent assets		
Investments	62,317,222	33,821,433
Restricted cash and investments	58,957,725	73,793,711
Miscellaneous receivables, net	12,722,258	1,933,149
Loans receivable	2,505,792	1,991,751
Bond issue costs, net	14,453,428	15,732,575
Bond issue costs, swap termination payment	7,681,616	8,614,916
Capital assets		
Assets not being depreciated	5,761,209,936	5,339,659,790
Assets being depreciated, net	22,175,364,927	22,108,619,994
Total noncurrent assets	28,095,212,904	27,584,167,319
Total assets	29,893,819,159	29,396,657,700
Liabilities		
Current liabilities		
Accounts payable	132,323,630	150,636,074
Accrued payroll	24,070,168	23,588,112
Accrued interest payable	32,750,632	35,919,006
Unearned revenue	15,296,500	12,683,475
Pending self-insurance claims	17,817,000	14,583,000
Incurred but not reported claims	17,064,000	16,086,000
Financing and other obligations	168,110,335	179,392,094
Total current liabilities	407,432,265	432,887,761
Noncurrent liabilities		
Pending self-insurance claims	50,460,640	48,452,271
Incurred but not reported claims	16,042,000	14,240,000
Other post-employment benefit obligations	214,407,085	157,985,387
Financing and other obligations	3,211,394,146	3,360,692,806
Total noncurrent liabilities	3,492,303,871	3,581,370,464
Total liabilities	3,899,736,136	4,014,258,225
Net Assets		
Invested in capital assets, net of related debt	24,603,719,930	24,396,695,196
Restricted for:		
Internal service fund requirements	300,000	300,000
Highways and transportation	1,390,063,093	985,404,279
Total net assets	$25,994,083,023	$25,382,399,475

The notes to the financial statements are an integral part of these statements

Statements of Activities
Years Ended June 30, 2011 and 2010

	Governmental Activities	
	2011	**2010**
Transportation Program Expenses		
Administration	$ 33,168,388	$ 33,647,893
Fleet, facilities and information systems	44,866,107	55,543,385
Maintenance	412,469,420	433,728,765
Construction	318,551,060	268,009,045
Multimodal operations	64,872,796	110,150,546
Interest	147,720,202	138,105,868
Other state agencies	198,813,934	177,646,361
Self-insurance	29,222,219	31,967,310
Medical and life insurance	94,471,954	90,643,429
Other post-employment benefits	79,024,650	83,132,045
Depreciation	747,673,561	876,501,223
Total transportation program expenses	2,170,854,291	2,299,075,870
Transportation Program Revenues		
Charges for services		
Licenses, fees and permits	274,673,348	284,336,918
Intergovernmental/cost reimbursements/miscellaneous	150,660,974	108,137,878
Interest	210,399	76,380
Employee insurance premiums	32,591,031	30,867,546
Total charges for services	458,135,752	423,418,722
Federal government		
American Recovery and Reinvestment Act	248,893,755	298,421,056
Operating	57,952,727	84,211,707
Capital	1,228,181,119	974,391,278
Total federal government	1,535,027,601	1,357,024,041
Total transportation program revenues	1,993,163,353	1,780,442,763
Net expense of transportation program	(177,690,938)	(518,633,107)
General Revenues		
Fuel taxes	499,416,187	503,487,834
Sales and use taxes	269,336,453	250,431,649
Unrestricted investment earnings	13,950,170	12,122,861
State appropriations	11,131,957	12,110,995
Gain (loss) on sale of capital assets	(4,460,281)	(16,853,909)
Total general revenues	789,374,486	761,299,430
Changes in Net Assets	611,683,548	242,666,323
Net Assets, beginning of year	25,382,399,475	25,139,733,152
Net Assets, end of year	$25,994,083,023	$25,382,399,475

The notes to the financial statements are an integral part of these statements

This page intentionally left blank

Fund Financial Statements

Balance Sheets
Governmental Funds
June 30, 2011 and 2010

	2011				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 8,999,512	$ 1,400,259,346	$26,887,422	$ 18,269,783	$ 1,454,416,063
State taxes and fees receivable	107,920,285	14,946,758	8,145,413	762,545	131,775,001
Federal government receivable	—	61,067,644	—	6,541,071	67,608,715
Miscellaneous receivables, net	3,165,731	43,749,293	32,448	1,479,826	48,427,298
Loans receivable	—	—	—	2,948,814	2,948,814
Due from other funds	—	708,810	—	—	708,810
Inventories	—	46,730,728	—	—	46,730,728
Restricted cash and investments	—	58,657,725	—	—	58,657,725
Total assets	$ 120,085,528	$ 1,626,120,304	$35,065,283	$ 30,002,039	$ 1,811,273,154
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 2,566,054	$ 118,487,102	$ 25,120	$ 7,497,145	$ 128,575,421
Accrued payroll	6,595,603	17,377,086	—	97,479	24,070,168
Deferred revenue	3,104,907	40,827,754	—	250,191	44,182,852
Due to other funds	—	—	—	708,810	708,810
Total liabilities	12,266,564	176,691,942	25,120	8,553,625	197,537,251
Fund balances					
Nonspendable – inventories	—	46,730,728	—	—	46,730,728
Restricted – highways and transportation	107,818,964	1,402,697,634	35,040,163	21,448,414	1,567,005,175
Total fund balances	107,818,964	1,449,428,362	35,040,163	21,448,414	1,613,735,903
Total liabilities and fund balances	$ 120,085,528	$ 1,626,120,304	$35,065,283	$ 30,002,039	$ 1,811,273,154

The notes to the financial statements are an integral part of these statements

2010				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 10,342,873	$ 1,284,392,834	$ 18,257,427	$ 18,545,272	$ 1,331,538,406
112,484,844	16,323,744	8,555,610	636,459	138,000,657
—	185,020,503	—	7,563,779	192,584,282
3,016,376	23,754,773	31,896	723,442	27,526,487
—	—	—	2,363,778	2,363,778
—	174,229	—	—	174,229
—	43,710,680	—	—	43,710,680
—	73,493,711	—	—	73,493,711
$ 125,844,093	$ 1,626,870,474	$ 26,844,933	$ 29,832,730	$ 1,809,392,230
$ 4,930,851	$ 133,557,070	$ 25,230	$ 9,219,899	$ 147,733,050
6,186,475	17,299,266	—	102,371	23,588,112
2,952,187	21,787,986	—	391,025	25,131,198
—	—	—	174,229	174,229
14,069,513	172,644,322	25,230	9,887,524	196,626,589
—	43,710,680	—	—	43,710,680
111,774,580	1,410,515,472	26,819,703	19,945,206	1,569,054,961
111,774,580	1,454,226,152	26,819,703	19,945,206	1,612,765,641
$ 125,844,093	$ 1,626,870,474	$ 26,844,933	$ 29,832,730	$ 1,809,392,230

This page intentionally left blank

Reconciliation of the Governmental Funds Balance Sheets to the Statements of Net Assets

Governmental Funds

June 30, 2011 and 2010

	Total	
	2011	**2010**
Fund balances – total governmental funds	$ 1,613,735,903	$ 1,612,765,641
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets, net of accumulated depreciation of $22,883,162,710 and $22,249,876,585 in 2011 and 2010, respectively, used in governmental activities are not financial resources and therefore are not reported in the funds.	27,936,574,863	27,448,279,784
Deferred assets are not available to pay for current period expenditures and therefore are not reported in the funds.	36,834,494	20,151,922
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included only in the statements of net assets.		
Medical and life insurance plan	29,763,431	22,234,294
Self-insurance plan	(18,298,514)	(11,390,364)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Financing and other obligations	(3,379,504,481)	(3,540,084,900)
Other post-employment benefits obligations	(214,407,085)	(157,985,387)
Accrued interest payable	(32,750,632)	(35,919,006)
Bond issue costs	22,135,044	24,347,491
Total net assets – governmental activities	$25,994,083,023	$25,382,399,475

The notes to the financial statements are an integral part of these statements

Statements of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Years Ended June 30, 2011 and 2010

	2011				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Fuel taxes	$ 499,033,246	$ 133,520	$ —	$ 249,421	$ 499,416,187
Sales and use taxes	51,011,271	110,286,871	100,534,982	7,503,329	269,336,453
Licenses, fees and permits	179,253,147	93,232,466	—	2,223,118	274,708,731
Intergovernmental/cost reimbursements/miscellaneous	5,227,900	125,028,282	—	1,552,488	131,808,670
Investment earnings	366,990	10,775,458	265,138	140,609	11,548,195
American Recovery and Reinvestment Act	—	241,148,358	5,337,921	2,347,962	248,834,241
State government	—	—	—	11,131,957	11,131,957
Federal government	—	1,225,856,164	—	57,981,322	1,283,837,486
Total revenues	734,892,554	1,806,461,119	106,138,041	83,130,206	2,730,621,920
Expenditures					
Current					
Administration	—	48,832,938	—	—	48,832,938
Fleet, facilities and information systems	—	49,109,522	—	—	49,109,522
Maintenance	—	432,731,056	—	17,372,134	450,103,190
Construction	—	338,482,090	—	—	338,482,090
Multimodal operations	—	851,624	—	64,260,822	65,112,446
Capital outlay	—	1,249,787,015	—	—	1,249,787,015
Debt service	—	231,847,091	97,917,581	—	329,764,672
Other state agencies	223,667,287	—	—	—	223,667,287
Total expenditures	223,667,287	2,351,641,336	97,917,581	81,632,956	2,754,859,160
Excess of revenues over (under) expenditures	511,225,267	(545,180,217)	8,220,460	1,497,250	(24,237,240)
Other Financing Sources (Uses)					
Notes issued	—	10,095,569	—	—	10,095,569
Bonds issued	—	—	—	—	—
Refunding bonds issued	—	130,390,000	—	—	130,390,000
Refunding bonds escrow payment	—	(150,476,975)	—	—	(150,476,975)
Premium on bonds	—	20,972,009	—	—	20,972,009
Capital leases issued	—	4,868,805	—	—	4,868,805
Capital asset sales	—	9,352,136	—	5,958	9,358,094
Transfers in	—	515,180,883	—	—	515,180,883
Transfers out	(515,180,883)	—	—	—	(515,180,883)
Total other financing sources (uses)	(515,180,883)	540,382,427	—	5,958	25,207,502
Net Changes in Fund Balances	(3,955,616)	(4,797,790)	8,220,460	1,503,208	970,262
Fund Balances, beginning of year	111,774,580	1,454,226,152	26,819,703	19,945,206	1,612,765,641
Fund Balances, end of year	$ 107,818,964	$ 1,449,428,362	$ 35,040,163	$ 21,448,414	$ 1,613,735,903

The notes to the financial statements are an integral part of these statements

2010				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 503,121,282	$ 114,205	$ —	$ 252,347	$ 503,487,834
47,506,321	103,110,616	94,150,295	6,576,177	251,343,409
183,619,628	98,804,570	—	2,485,177	284,909,375
4,101,718	122,649,503	—	1,408,315	128,159,536
366,156	8,153,262	244,428	192,679	8,956,525
—	277,102,260	2,505,857	18,724,760	298,332,877
—	—	—	12,110,995	12,110,995
—	974,391,278	—	84,957,011	1,059,348,289
738,715,105	1,584,325,694	96,900,580	126,707,461	2,546,648,840
—	49,247,212	—	—	49,247,212
—	59,585,640	—	—	59,585,640
—	451,106,524	—	20,633,385	471,739,909
—	293,021,202	—	—	293,021,202
—	833,372	—	109,579,243	110,412,615
—	1,405,699,540	—	41,871	1,405,741,411
—	151,164,841	97,101,883	—	248,266,724
201,365,759	—	—	105,878	201,471,637
201,365,759	2,410,658,331	97,101,883	130,360,377	2,839,486,350
537,349,346	(826,332,637)	(201,303)	(3,652,916)	(292,837,510)
—	10,910,481	—	—	10,910,481
—	1,085,000,000	—	—	1,085,000,000
—	—	—	—	—
—	—	—	—	—
—	30,630,918	—	—	30,630,918
—	3,283,945	—	—	3,283,945
—	7,249,198	—	2,830	7,252,028
—	536,863,645	—	—	536,863,645
(536,844,549)	—	—	(19,096)	(536,863,645)
(536,844,549)	1,673,938,187	—	(16,266)	1,137,077,372
504,797	847,605,550	(201,303)	(3,669,182)	844,239,862
111,269,783	606,620,602	27,021,006	23,614,388	768,525,779
$ 111,774,580	$1,454,226,152	$26,819,703	$ 19,945,206	$1,612,765,641

This page intentionally left blank

Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities

Years Ended June 30, 2011 and 2010

	2011	2010
Net changes in fund balances – total governmental funds	$ 970,262	$ 844,239,862
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. These are the amounts by which capital outlays and donated assets ($1,249,787,015 and $1,405,741,411 for 2011 and 2010, respectively) exceeded depreciation ($747,673,561 and $876,501,223 for 2011 and 2010, respectively).	502,113,454	529,240,188
In the statements of activities, only the gains on the sale of the capital assets are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net assets differ from the changes in fund balances by the book value of the assets sold.	(13,818,375)	(24,105,937)
Deferred revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	16,682,572	(24,126,948)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statements of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net assets. These are the net effects of the differences in the treatment of long-term debt obligations and related items.	151,003,989	(1,027,564,078)
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	978,039	(10,786)
Interest expense recognition	15,191,072	7,899,589
Claims and judgments	(5,514,374)	1,858,984
Other post-employment benefits	(56,421,698)	(60,529,093)
Pollution remediation obligations	(122,380)	139,004
Internal service funds are used by management for the medical and life insurance plan and the self-insurance plan. The net revenues of internal service funds are reported with governmental activities.		
Medical and life insurance plan	7,529,137	6,510,106
Self-insurance plan	(6,908,150)	(10,884,568)
Changes in net assets – governmental activities	$611,683,548	$ 242,666,323

The notes to the financial statements are an integral part of these statements

Statements of Net Assets
Proprietary Funds
June 30, 2011 and 2010

	Internal Service Funds	
	2011	**2010**
Assets		
Current assets		
Cash and cash equivalents	$ 16,832,404	$ 14,941,917
Investments	41,685,166	63,292,613
Federal government receivable	259	2,486
Miscellaneous receivables	3,409,857	2,453,975
Total current assets	61,927,686	80,690,991
Noncurrent assets		
Investments	62,317,222	33,821,433
Restricted investments	300,000	300,000
Total noncurrent assets	62,617,222	34,121,433
Total assets	124,544,908	114,812,424
Liabilities		
Current liabilities		
Accounts payable	3,748,209	2,903,024
Deferred revenue	7,948,142	7,704,199
Pending self-insurance claims	17,817,000	14,583,000
Incurred but not reported claims	17,064,000	16,086,000
Total current liabilities	46,577,351	41,276,223
Noncurrent liabilities		
Pending self-insurance claims	50,460,640	48,452,271
Incurred but not reported claims	16,042,000	14,240,000
Total noncurrent liabilities	66,502,640	62,692,271
Total liabilities	113,079,991	103,968,494
Net Assets		
Restricted net assets	300,000	300,000
Unrestricted net assets	11,164,917	10,543,930
Total net assets	$ 11,464,917	$ 10,843,930

The notes to the financial statements are an integral part of these statements

Statements of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Years Ended June 30, 2011 and 2010

	Internal Service Funds	
	2011	**2010**
Operating Revenues		
Self-insurance premiums		
Highway workers' compensation	$ 6,150,000	$ 6,500,000
Highway patrol workers' compensation	3,000,000	3,000,000
Highway fleet vehicle liability	1,500,000	1,200,000
Highway general liability	9,800,000	8,000,000
Medical insurance premiums		
State	82,864,054	82,187,328
Member	32,591,031	30,867,546
American Recovery and Reinvestment Act	59,514	88,179
Other	8,469,557	5,753,460
Total operating revenues	144,434,156	137,596,513
Operating Expenses		
Self-insurance programs		
Highway workers' compensation	6,102,178	9,804,076
Highway patrol workers' compensation	1,631,056	582,612
Highway fleet vehicle liability	2,336,882	2,127,139
Highway general liability	18,492,742	18,823,316
Other	659,361	630,167
Medical and life insurance program		
Insurance premiums	6,145,923	5,976,741
Medical benefits	83,257,461	80,367,008
Prescription drug benefits	19,976,807	19,513,498
Professional fees	1,281,859	1,687,891
Administrative services	6,392,444	5,685,350
Other	20,412	15,893
Total operating expenses	146,297,125	145,213,691
Operating income (loss)	(1,862,969)	(7,617,178)
Nonoperating Revenues		
Net appreciation and investment income	2,483,956	3,242,716
Total nonoperating revenues	2,483,956	3,242,716
Changes in Net Assets	620,987	(4,374,462)
Net Assets, beginning of year	10,843,930	15,218,392
Net Assets, end of year	$ 11,464,917	$ 10,843,930

The notes to the financial statements are an integral part of these statements

Statements of Cash Flows

Proprietary Funds

Years Ended June 30, 2011 and 2010

	Internal Service Funds	
	2011	2010
Cash Flows From Operating Activities		
Receipts from interfund services provided	$ 143,323,961	$ 137,449,418
Payments for interfund services used	(129,676,737)	(124,658,062)
Payments to suppliers	(7,508,891)	(8,306,753)
Net cash provided by (used in) operating activities	6,138,333	4,484,603
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	101,012,696	65,909,342
Purchases of investments	(108,198,262)	(78,450,250)
Interest received	3,042,625	3,164,213
Investment fees	(104,905)	(95,289)
Net cash provided by (used in) investing activities	(4,247,846)	(9,471,984)
Net increase (decrease) in cash and cash equivalents	1,890,487	(4,987,381)
Cash and Cash Equivalents, beginning of year	14,941,917	19,929,298
Cash and Cash Equivalents, end of year	$ 16,832,404	$ 14,941,917
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$ (1,862,969)	$ (7,617,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Receivables	(1,110,195)	(147,095)
Accounts and claims payable	8,867,554	12,297,376
Deferred revenue	243,943	(48,500)
Net cash provided by (used in) operating activities	$ 6,138,333	$ 4,484,603
Noncash Items Impacting Recorded Assets		
Increase in fair value of investments	$ (297,224)	$ 73,803

The notes to the financial statements are an integral part of these statements

Statements of Assets and Liabilities
Fiduciary Funds – Agency
June 30, 2011 and 2010

	Agency Funds	
	2011	2010
Assets		
Cash and cash equivalents	$ 7,588,439	$ 7,404,451
Noncurrent restricted investments	56,115,152	67,052,296
Other	281,419	277,865
Total assets	$63,985,010	$74,734,612
Liabilities		
Due to other governments	$ 5,420,982	$ 3,715,070
Advances from other governments	58,564,028	71,019,542
Total liabilities	$63,985,010	$74,734,612

The notes to the financial statements are an integral part of these statements

This page intentionally left blank

Notes to the Financial Statements

This page intentionally left blank

INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

Note 1: Summary of Significant Accounting Policies

The State Highway Department was created in 1913 to act as the agent of the state of Missouri (the State) for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction and maintenance.

In 1979, the voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation. By statute, the resulting department was named the Missouri Highways and Transportation Department. The constitutional amendment gave the Highways and Transportation Commission (the MHTC or Commission) the authority over all state transportation programs and facilities. The Commission is a bipartisan body of six members appointed by the Governor, with the consent of the Senate, for a term of six years. In 1996, by legislative action, the Missouri Highways and Transportation Department became the Missouri Department of Transportation (MoDOT or Department).

In 2002, several functions from other state agencies were combined with MoDOT. This was the result of legislative action and the Governor's Executive Order, which created the "One-Stop Shop" for motor carrier services (MCS), railroad operators and overdimension and overweight permitting. In 2003, by Governor's Executive Order, the Division of Highway Safety was transferred from the Department of Public Safety to MoDOT. This change was part of the Governor's Reorganization Plan of 2003, to merge both the Division of Highway Safety and MoDOT activities related to the state highway system and its safe operation. In 2006, the unit that audits motor carrier operators was transferred to MoDOT from the Department of Revenue. This unit is responsible for auditing International Fuel Tax Agreement tax returns and International Registration Plan applications.

(A) Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, establishes the criteria to be used for defining primary governments, component units and related organizations. The Department does not meet the GASB's criteria to be reported as its own primary government or other stand-alone government. It is part of the primary government of the State and, like other state agencies, is included in the financial statements of the State. These financial statements report the funds from which MoDOT spends. The nonmajor Multimodal Fund includes only MoDOT appropriations reported for the State's General and Federal Stabilization funds. The nonmajor MCS Federal Fund is the Motor Carrier Safety Assistance Program.

Certain legally separate organizations are involved in transportation-related projects, such as the Missouri Transportation Finance Corporation (MTFC) and other transportation corporations. Although these organizations cooperate with the Department to meet their objectives and are included in the financial statements of the State as blended or discretely presented component units, they are not part of the Department's defined reporting entity.

The State's Comprehensive Annual Financial Report may be obtained by writing to the state of Missouri, Office of Administration, Division of Accounting, P. O. Box 809, Jefferson City, MO 65102, or may be accessed online at www.oa.mo.gov/acct.

(B) Government-wide and Fund Financial Statements

1. Government-wide Statements

The government-wide statements of net assets and statements of activities report the overall financial activities of the Department, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The financial activities of the Department consist only of governmental activities, which are primarily supported by state taxes and intergovernmental revenues.

The Department administers a single program – Transportation. The statements of activities demonstrate the degree to which the direct expenses of that function are offset by program revenues. Direct expenses are those that are clearly identifiable with the function. Program revenues include (a) charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Department's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department reports the following major governmental funds:

State Highways and Transportation Department Fund (Highway Fund) – This fund was established by Section 226.200, Revised Statutes of Missouri (RSMo.) to receive revenues derived from the use of state highways. This fund pays the costs incurred to collect that revenue, to administer and enforce any state motor vehicle laws or traffic regulations and to provide other related functions.

State Road Fund (Road Fund) – This fund was constitutionally established to receive monies from the state's motor vehicle sales tax, the federal government, transfers from the Highway Fund and other related revenues. Disbursements consist of costs incurred to construct, improve and maintain the state highway system and for debt service payments.

State Road Bond Fund – This debt service fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used for the repayment of bonds issued by the Commission to fund the construction and reconstruction of the state highway system or for refunding bonds.

The Department reports the following additional fund types:

Internal Service Funds – These proprietary funds account for the financing of services provided to other funds within the Department and other participating agencies on a cost-reimbursement basis. These funds are used to account for medical and life insurance coverage and self-insurance activities. Department activity comprises the majority of these funds. These funds are included in the government-wide statements by eliminating off-setting revenues and expenses.

Agency Funds – These fiduciary funds account for monies held on behalf of various political subdivisions and other interested parties and will be used to reimburse the Department for expenditures incurred by the Department on behalf of the previously mentioned parties and to collect and administer registration, license fees and fuel taxes payable to contiguous states and Canadian provinces. These funds are not included in the government-wide statements, because they are held on behalf of various political subdivisions and other interested parties and they are not available for Department use.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Government-wide Financial Statements

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange include fuel taxes, sales and use taxes, Medicare Part D gap coverage and Early Retirement Reinsurance Program federal subsidies, grants, entitlements and donations. On an accrual basis, revenues from fuel taxes and sales and use taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenues from Medicare Part D gap coverage and Early Retirement Reinsurance Program, based on the current funding levels from the federal government, are recognized in the fiscal year in which the revenue-generating transactions occur. Because potential retroactive adjustments to the federal subsidies are not measurable, revenue impacts are recognized in the fiscal period in which adjustments are made by the federal government. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, all revenue sources are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department, consistent with the state of Missouri, considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are recorded as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The Department's operating revenues and expenses generally result from providing services in connection with the internal service funds' principal ongoing operations. The principal operating revenues are charges for insurance premiums. Operating expenses include self-insurance claims, benefits claims, insurance premiums and administrative expenses. Investment income is reported as nonoperating revenue.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as needed.

(D) Assets, Liabilities and Net Assets

1. Cash and Cash Equivalents and Investments

Cash and cash equivalents include:

- Cash
- Repurchase agreements, which are investments with original maturities of three months or less
- Pooled monies, including pooled investments, with the State Treasurer's office

Investments are valued at fair value.

2. Inventories

Inventories, primarily consisting of maintenance and sign shop materials, are valued at cost using the weighted average method. Inventories are recorded in the governmental funds as expenditures when consumed rather than when purchased.

3. Interfund Transactions

The Department reports the following types of interfund transactions:

Interfund services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. This internal activity is included in the government-wide statements by eliminating off-setting revenues and expenses.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

4. Capital Assets

Capital assets, such as land, buildings, equipment and infrastructure assets, are reported at cost (or estimated historical cost) as governmental activities in the government-wide financial statements. Infrastructure assets are those assets that are normally immovable and of value to the citizens of the state of Missouri, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The Department capitalizes assets with an expected useful life of more than one year with a cost greater than $1,000 for equipment, $5,000 for software and $15,000 for buildings and land improvements. No dollar threshold is set for land, easements and infrastructure. Donated capital assets are recorded at their fair market value at the date of the donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense, including amortization of leased capital and intangible assets, is recorded in the government-wide financial statements.

Capital assets, including infrastructure, are depreciated or amortized on the straight-line method over the asset's estimated useful life. There is no depreciation recorded for land, permanent easements, software in progress, construction in progress and infrastructure in progress. Generally, estimated useful lives are as follows:

Vehicles, machinery and equipment	1 to 20 years
Buildings and other improvements	10 to 50 years
Infrastructure	7 to 50 years
Software	5 years
Temporary Easements	3 years

5. Deferred Revenue

The Department has recorded deferred revenue in the Road Fund and Highway Fund relating to long-term cost reimbursement receivables and in nonmajor funds relating to local matches for pass-through funds and cost reimbursements. Deferred revenue in the internal service funds is employee and employer medical insurance premiums received and held for the subsequent month's coverage. These amounts are reported as deferred because they are unearned as of year-end.

6. Compensated Absences

Under the terms of the Department's personnel policy, Department employees are granted 10 to 14 hours of annual leave per month. Additionally, certain employees can accrue a maximum of 240 hours of compensatory time for unpaid overtime. Employees have accrued annual leave and compensatory time available amounting to $36,930,821 and $37,908,860 as of June 30, 2011 and 2010, respectively, recorded in the government-wide financial statements. Because employees are not paid for accumulated sick leave upon retirement or termination, no liability has been recorded for this leave.

7. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums and discounts, including the deferred amount on refunding as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pollution Remediation Obligations

MoDOT estimates the components of expected pollution remediation activities and determines whether expected outlays for those components should be accrued as a liability and expensed or, if appropriate, capitalized. Pollution remediation obligations are measured at the current cost of future activities and are valued using the expected cash flow method, which measures the liability based on probability-weighted amounts. The determined liabilities could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations governing the remediation efforts.

9. Fund Balances

In the fund financial statements, fund balances are displayed as follows:

Nonspendable – This consists of State Road Fund balances of $46,730,728 and $43,710,680 at June 30, 2011 and June 30, 2010, respectively, representing inventories held.

Restricted – This consists of fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Total restricted fund balances of $1,567,005,175 and $1,569,054,961 at June 30, 2011 and June 30, 2010, respectively, were restricted by enabling legislation.

10. Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. This also includes unexpended bond or lease proceeds less the related outstanding liability. Total restricted net assets at June 30, 2011 and June 30, 2010, $1,390,363,093 and $985,704,279, respectively, were restricted by enabling legislation or by outside parties.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses or expenditures and other changes in net assets or fund balances during the reporting period. Actual results could differ from those estimates.

12. Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. This had no effect on net assets.

Note 2: Deposits and Investments

Cash and investments include amounts held by the State Treasurer's Office as required by the state constitution for all state funds of the primary government. Interest income earned on cash and investments in the State Treasury is allocated to the funds based on the respective investment and cash balances. In addition, cash and investments also include funds held in depository banks, as allowed by state statute.

By policy, investments may include linked deposits, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements and reverse repurchase agreements, U.S. Treasury obligations and federal agency securities. The Department's investments are reported at fair value. While the majority of the Department's investments are pooled in the State Treasury or with the Department of Revenue, a portion is held at banks outside those state agencies. At June 30, 2011 and 2010, the Department's portfolio of non-pooled funds had $160,317,540 and $164,366,342, respectively, of uninsured, unregistered investments held in the Commission's or State's name. Also at June 30, 2011 and 2010, the Department had book balances of $18,687,891 and $17,599,518, respectively, of repurchase agreements. Of the total repurchase agreements' bank balances of $19,084,172 and $18,594,688 at June 30, 2011 and 2010, respectively, securities were held by a financial institution's trust department in the Commission's or State's name.

Interest Rate Risk – The State Treasurer's Office policy states it will minimize the risk the market value of investments will fall due to changes in general interest rates by maintaining an effective duration of less than 1.5 years and holding at least 40.0 percent of the portfolio's total market value in securities with a maturity of 12 months or less. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be structured so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Of the total non-pooled investments, $159,099,296 is highly sensitive to interest rate changes, because the investments are callable or subject to prepayment. The effective maturities are disclosed based on assumptions provided by the Department's investment advisor.

Credit Risk – The State Treasurer's Office policy states it will minimize the risk of loss due to the failure of a security issuer or backer by pre-approving financial institutions, companies, brokers and dealers and conducting regular credit monitoring and due diligence. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be limited to the safest types of securities, as described above. The policies for both portfolios require diversification so potential losses on individual securities will be minimized.

Concentration of Credit Risk – The policies of both the State Treasurer's Office and MoDOT state investments are to be diversified and limits are set to minimize the risk of loss resulting from excess concentration in a specific maturity, issuer or class of security. The asset allocation is periodically reviewed by the State Treasurer and the Department's investment advisor. At June 30, 2011 and 2010, no investments in any one organization (other than those issued or sponsored by the U.S. Government and those in pooled investments) represented 5.0 percent of total investments.

At June 30, 2011, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$8,999,512	$1,400,259,346	$26,887,422	$18,269,783	$ —	$ —
Cash deposited with banks	—	—	—	—	312,982	—
U.S. agency obligations	—	—	—	—	103,984,114	—
U.S. Treasury obligations	—	—	—	—	18,274	—
Certificate of deposit	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	16,519,422	—
Total	$8,999,512	$1,400,259,346	$26,887,422	$18,269,783	$120,834,792	$ —
Restricted assets:						
Cash and investments pooled in the State Treasury	$ —	$ 58,657,725	$ —	$ —	$ —	$ —
Cash and investments pooled with the Mo. Dept. of Revenue	—	—	—	—	—	5,419,961
Cash deposited with banks	—	—	—	—	—	9
U.S. agency obligations	—	—	—	—	—	55,115,182
U.S. Treasury obligations	—	—	—	—	200,000	999,970
Certificate of deposit	—	—	—	—	100,000	—
Repurchase agreements	—	—	—	—	—	2,168,469
Total	$ —	$ 58,657,725	$ —	$ —	$ 300,000	$63,703,591

At June 30, 2010, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$10,342,873	$1,284,392,834	$18,257,427	$18,545,272	$ —	$ —
Cash deposited with banks	—	—	—	—	1,032,554	—
U.S. agency obligations	—	—	—	—	97,098,257	—
U.S. Treasury obligations	—	—	—	—	15,789	—
Certificate of deposit	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	13,909,363	—
Total	$10,342,873	$1,284,392,834	$18,257,427	$18,545,272	$112,055,963	$ —
Restricted assets:						
Cash and investments pooled in the State Treasury	$ —	$ 73,468,647	$ —	$ —	$ —	$ —
Cash and investments pooled with the Mo. Dept. of Revenue	—	—	—	—	—	3,714,268
Cash deposited with banks	—	25,064	—	—	—	28
U.S. agency obligations	—	—	—	—	—	64,041,286
U.S. Treasury obligations	—	—	—	—	200,000	3,011,010
Certificate of deposit	—	—	—	—	100,000	—
Repurchase agreements	—	—	—	—	—	3,690,155
Total	$ —	$ 73,493,711	$ —	$ —	$ 300,000	$74,456,747

At June 30, 2011, the Department's investments had the following maturities:

Investment type	Fair Value	Investment maturities (In years)		
		Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 18,687,891	$ 18,687,891	$ —	$ —
Certificate of deposit	100,000	100,000	—	—
U.S. Treasury obligations	1,218,244	999,970	218,274	—
U.S. agency obligations	159,099,296	87,732,941	71,366,355	—
	$179,105,431	$107,520,802	$71,584,629	$ —

At June 30, 2010, the Department's investments had the following maturities:

Investment type	Fair Value	Investment maturities (In years)		
		Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 17,599,518	$ 17,599,518	$ —	$ —
Certificate of deposit	100,000	100,000	—	—
U.S. Treasury obligations	3,226,799	3,226,799	—	—
U.S. agency obligations	161,139,543	116,596,659	44,542,884	—
	$182,065,860	$137,522,976	$44,542,884	$ —

At June 30, 2011 and 2010, the Department's investments were rated as shown below. This disclosure does not include repurchase agreements, pooled investments, or the certificate of deposit. Subsequent to June 30, Standard and Poor's lowered their long-term sovereign credit rating on the United States to AA+ from AAA.

Investment Type	Moody's	Standard and Poor's	Fair Value	
			2011	2010
U.S. agency obligations	Aaa	—	$110,067,090	$144,464,906
U.S. agency obligations	—	AAA	49,032,206	16,674,637
U.S. Treasury obligations	Aaa	—	1,218,244	3,226,799
			$160,317,540	$164,366,342

This page intentionally left blank

Note 3: Receivables

Reimbursement receivables consist of billings to outside entities for repayment of expenditures incurred by MoDOT. Also included are miscellaneous receivables from contractors and others. Reimbursement receivables are shown net of an allowance for doubtful accounts of $5,377,602 and $2,723,083 at June 30, 2011 and 2010, respectively. The Department provides an allowance based upon a review of the outstanding receivables, historical collection information and existing economic conditions.

Contributions receivable consists of amounts due from participating employers and members in the Department's insurance and risk management plans. The federal government receivable represents funds to be received on federally-participating projects. Loans receivables represent loans to cities and counties for nonhighway-related projects, such as airport improvements.

Receivables at June 30, 2011 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$107,920,285	$ 14,946,758	$8,145,413	$ 762,545
Federal government	—	61,067,644	—	6,541,071
Miscellaneous:				
Reimbursements	3,104,907	41,798,674	—	1,464,152
Interest	60,824	1,950,619	32,448	15,674
Contributions	—	—	—	—
Total miscellaneous	3,165,731	43,749,293	32,448	1,479,826
Loans	—	—	—	2,948,814
Total receivables	$111,086,016	$119,763,695	$8,177,861	$11,732,256

Receivables at June 30, 2010 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$112,484,844	$ 16,323,744	$8,555,610	$ 636,459
Federal government	—	185,020,503	—	7,563,779
Miscellaneous:				
Reimbursements	2,952,187	22,076,577	—	708,073
Interest	64,189	1,678,196	31,896	15,369
Contributions	—	—	—	—
Total miscellaneous	3,016,376	23,754,773	31,896	723,442
Loans	—	—	—	2,363,778
Total receivables	$115,501,220	$225,099,020	$8,587,506	$11,287,458

Internal Service Funds	Total	Due Within One Year
$ —	$131,775,001	$131,775,001
259	67,608,974	67,608,974
1,583,837	47,951,570	35,229,312
372,102	2,431,667	2,431,667
1,453,918	1,453,918	1,453,918
3,409,857	51,837,155	39,114,897
—	2,948,814	443,022
$3,410,116	$254,169,944	$238,941,894

Internal Service Funds	Total	Due Within One Year
$ —	$138,000,657	$138,000,657
2,486	192,586,768	192,586,768
382,310	26,119,147	24,185,998
528,642	2,318,292	2,318,292
1,543,023	1,543,023	1,543,023
2,453,975	29,980,462	28,047,313
—	2,363,778	372,027
$2,456,461	$362,931,665	$359,006,765

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2011 are summarized below:

	Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
Nondepreciable capital assets					
Land and permanent easements	$ 2,448,229,814	$ 611,242	$ 11,612,473	$ 39,475,289	$ 2,476,703,872
Software in progress	741,343	1,912,759	—	(1,156,576)	1,497,526
Construction in progress	164,332,712	35,690,437	—	(74,019,435)	126,003,714
Infrastructure in progress	2,726,355,921	1,175,588,086	—	(744,939,183)	3,157,004,824
Total nondepreciable capital assets	5,339,659,790	1,213,802,524	11,612,473	(780,639,905)	5,761,209,936
Depreciable/amortizable capital assets					
Land improvements	15,318,312	—	16,200	8,793,766	24,095,878
Buildings	240,529,416	—	1,493,592	25,750,380	264,786,204
Software	11,983,790	1,414,815	—	1,156,576	14,555,181
Equipment	297,378,467	17,963,785	20,699,962	—	294,642,290
Vehicles	197,293,950	16,310,430	13,573,627	—	200,030,753
Temporary easements	6,494,688	295,461	1,761,892	—	5,028,257
Infrastructure	43,589,497,956	—	79,048,065	744,939,183	44,255,389,074
Total depreciable/amortizable capital assets	44,358,496,579	35,984,491	116,593,338	780,639,905	45,058,527,637
Accumulated depreciation/amortization					
Land improvements	8,538,880	567,059	16,200	—	9,089,739
Buildings	89,024,292	8,444,471	1,046,462	—	96,422,301
Software	7,699,510	2,782,553	—	—	10,482,063
Equipment	173,630,030	20,841,411	19,617,530	—	174,853,911
Vehicles	129,848,556	14,984,362	12,897,287	—	131,935,631
Temporary easements	2,130,921	2,164,813	1,761,892	—	2,533,842
Infrastructure	21,839,004,396	697,888,892	79,048,065	—	22,457,845,223
Total accumulated depreciation/amortization	22,249,876,585	747,673,561	114,387,436	—	22,883,162,710
Total depreciable/amortizable capital assets, net	22,108,619,994	(711,689,070)	2,205,902	780,639,905	22,175,364,927
Total net capital assets	$ 27,448,279,784	$ 502,113,454	$ 13,818,375	$ —	$ 27,936,574,863

Changes in capital assets for the year ended June 30, 2010 are summarized below:

Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
$ 2,398,111,952	$ 977,886	$21,559,040	$ 70,699,016	$ 2,448,229,814
—	869,287	—	(127,944)	741,343
190,308,901	57,152,983	—	(83,129,172)	164,332,712
2,461,040,395	1,300,649,997	—	(1,035,334,471)	2,726,355,921
5,049,461,248	1,359,650,153	21,559,040	(1,047,892,571)	5,339,659,790
14,964,839	—	—	353,473	15,318,312
229,528,550	119,332	1,177,307	12,058,841	240,529,416
10,892,009	963,837	—	127,944	11,983,790
289,649,010	22,970,269	15,258,654	17,842	297,378,467
187,406,012	20,174,005	10,286,067	—	197,293,950
5,638,181	1,863,815	1,007,308	—	6,494,688
42,600,584,255	—	46,420,770	1,035,334,471	43,589,497,956
43,338,662,856	46,091,258	74,150,106	1,047,892,571	44,358,496,579
8,005,509	533,371	—	—	8,538,880
81,777,739	7,927,109	680,556	—	89,024,292
4,817,934	2,881,576	—	—	7,699,510
165,492,257	21,908,051	13,770,278	—	173,630,030
123,944,668	15,628,185	9,724,297	—	129,848,556
1,258,835	1,879,394	1,007,308	—	2,130,921
21,059,681,629	825,743,537	46,420,770	—	21,839,004,396
21,444,978,571	876,501,223	71,603,209	—	22,249,876,585
21,893,684,285	(830,409,965)	2,546,897	1,047,892,571	22,108,619,994
$26,943,145,533	$ 529,240,188	$24,105,937	$ —	$27,448,279,784

Note 5: Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition, various lawsuits against the Department arise incident to the Department's normal operations. These risks have been classified as workers' compensation, vehicle liability, general liability, condemnation and inverse condemnation, contractor suits, employment suits, environmental regulatory liability and levy and drainage district suits. It is the policy of the Department to manage its risks internally, with the exception of purchased earthquake and major building insurance policies. No insurance settlements exceeded coverage in the last three years. In addition, all State employees and officers are covered by the State's Legal Expense Fund.

(A) Workers' Compensation, Vehicle and General Liabilities

The Department sets aside assets for the settlement of workers' compensation, vehicle liability and general liability claims in an internal service fund, the MHTC Self-Insurance Fund. Section 537.610 RSMo. limits the liability of the State and its public entities on claims within the scope of Sections 537.600 to 537.650 RSMo., except for those claims governed by the provisions of the Missouri Workers' Compensation Law, Chapter 287 RSMo. The limits were $2,545,062 and $2,509,186 for all claims arising out of a single accident or occurrence, and $381,759 and $376,378 for any one person in a single accident or occurrence, at June 30, 2011 and 2010, respectively, as set by the Missouri Department of Insurance.

Estimated pending self-insurance claims represent the expected losses to be realized on known claims pending and include minor non-incremental claims adjustment expenses. Estimated unreported claims represent expected losses or claims incurred but not reported. Amounts are reported based on actuarial calculations. Liabilities for incurred losses related to workers' compensation and general and vehicle liability claims are reported at their discounted value, assuming an investment yield of 2.0 percent.

Changes in pending self-insurance claims and incurred but not reported claims for workers' compensation, vehicle and general liability during the past two years are as follows:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2011	$81,561,271	$28,562,858	$20,140,489	$89,983,640
2010	$68,776,443	$31,337,143	$18,552,315	$81,561,271

(B) Other Claims

Claims for condemnation and inverse condemnation, contractor suits, levy and drainage district suits, environmental regulatory liability and employment suits are paid from the State Road Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. As listed in the Financing and Other Obligations note disclosure, the Department has approximately $9,581,694 and $4,067,320 in claims and judgments payable at June 30, 2011 and 2010, respectively. The Department is involved in other such suits for which no liability has been recorded, as a probable loss has not occurred. The aggregate potential liability of all claims deemed probable or possible to result in a loss was estimated to be approximately $14,894,695 and $8,739,323 as of June 30, 2011 and 2010, respectively. These estimates are within a range of $9,011,397 to $30,128,128 and $4,204,426 to $31,194,317 as of June 30, 2011 and 2010, respectively.

Note 6: Medical and Life Insurance Plan

The MoDOT and Missouri State Highway Patrol (MSHP) Insurance Plan (the Medical and Life Insurance Plan) Internal Service Fund accounts for the medical coverage provided on a self-insured basis and life insurance and transplant insurance benefits underwritten by commercial insurance companies. These benefits are available to employees, retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees of the Department, the MSHP and the MoDOT and Patrol Employees' Retirement System (MPERS). Changes to plan benefits and funding are required to be approved by the Commission. Incurred but not reported claims of $11,400,000 and $11,800,000 were reported in the Medical and Life Insurance Plan as of June 30, 2011 and 2010, respectively.

Claims incurred but not reported represent estimated unreported claims. This liability is established from an actuarial report, which is based on data provided by the Department and claims administrators. Changes in the incurred but not reported claims liability during the past two years are as follows:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2011	$11,800,000	$103,234,268	$103,634,268	$11,400,000
2010	$12,000,000	$ 99,880,506	$100,080,506	$11,800,000

Note 7: Other Post-Employment Benefits (OPEB)

The Department provides a portion of health care insurance through the Medical and Life Insurance Plan, as discussed in the prior Note, in accordance with Section 104.270 RSMo. For purposes of reporting OPEB costs and obligations in accordance with GASB Statement 45, the Insurance Plan is disclosed within the state of Missouri reporting entity as a single employer plan. However, it is disclosed for the Department's reporting purposes as an agent, multiple-employer plan, as it includes employees of MoDOT, MSHP and MPERS, and is not a separate legal entity. These other post-employment benefit costs are included in the Medical and Life Insurance Plan Internal Service Fund.

Eligible members are employees who retire from the Department participating in the Medical and Life Insurance Plan with a minimum of five years of creditable service if hired before January 1, 2011 or ten years of creditable service if hired on or after January 1, 2011. Premiums vary by coverage categories, which include retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees. Members' and the Department's required contribution rates average approximately 51.0 percent and 49.0 percent, respectively, of total premiums. Plan member contributions range from $16 to $656 per month. The medical insurance benefits, and employer and member contribution amounts, are recommended by the Medical and Life Insurance Plan's Board of Trustees and are approved by the Commission. The Insurance Plan is financed on a pay-as-you-go basis.

	Plan Total			Department Portion		
	2011	2010	2009	2011	2010	2009
Annual OPEB Cost	$109,284,533	$110,385,424	$ 90,872,132	$ 79,024,650	$ 83,132,045	$65,804,295
Net OPEB obligations at year end	300,262,255	221,323,950	136,698,656	214,407,085	157,985,387	97,456,294
Percentage of annual OPEB cost contributed	n/a	n/a	n/a	29 %	27 %	29 %

The Department contributed $22.6 and $22.6 million, including implicit rate subsidies, during fiscal years 2011 and 2010, respectively. Although funding is not related to payroll amounts, an equivalent Annual Required Contribution (ARC) rate would be 31.5 percent and 30.0 percent of annual covered payroll of $251,164,672 and $266,455,521 for fiscal years 2011 and 2010, respectively. MoDOT's share of the changes in the Plan's net OPEB obligation at June 30, 2011 is as follows:

Normal cost	$ 30,779,732
Amortization payment	46,921,365
Interest on net OPEB obligation	10,605,891
Adjustment to ARC	(9,282,338)
Annual OPEB cost	79,024,650
Contributions	(22,602,952)
Increase in net OPEB obligation	56,421,698
Net OPEB Obligation – beginning of year	157,985,387
Net OPEB Obligation – end of year	$214,407,085

Based on an actuarial valuation report dated October 1, 2009, for the fiscal year ending June 30, 2010, the Plan's total actuarial accrued liability is $1,094.8 million. Because the Plan is an internal service fund of the Department, the Plan's assets have not been set aside; therefore, there is no actuarial value of assets. The Department's portion of the actuarial accrued liability at year-end was as follows:

Actuarial accrued liability (AAL)	$798,601,629
Actuarial value of assets	—
Unfunded actuarial accrued liability (UAAL)	$798,601,629
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll	$251,164,672
UAAL as a percentage of covered payroll	318 %

Actuarial valuations reflect a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A Schedule of Funding Progress, presented as Required Supplementary Information, follows the Notes to the Financial Statements. As allowed by the GASB, this reporting requirement is being implemented prospectively, as data is not available for prior years. Over time, a Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members at that point.

The actuarial methods and assumptions utilized in the valuation were as follows:

Actuarial cost method	projected unit credit
UAAL amortization method	level dollar amount
UAAL amortization period, closed/open	30 years, open
Investment return (discount) rate	4.5 %
Healthcare cost trend rate	8%, decreasing to 5% in 2015

At its September 14, 2011 meeting, the MHTC voted to establish a new retiree health care contribution strategy for future retirees. For employees who retire on or after January 1, 2014, the Commission contribution will be based on the employee's years of service, rather than a flat percentage of the monthly premium.

Note 8: Financing and Other Obligations

Changes in long-term obligations for the year ended June 30, 2011 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$ 3,352,640,000	$130,390,000	$278,315,000	$3,204,715,000	$ 133,190,000
Advances from other entities	20,537,068	10,095,569	6,954,626	23,678,011	4,370,430
Federal Highway Administration loan	12,169,793	—	12,169,793	—	—
Capital leases	14,321,546	4,868,805	10,713,978	8,476,373	2,994,321
Claims and judgments	4,067,320	8,914,849	3,400,475	9,581,694	4,321,693
Compensated absences	37,908,860	22,118,819	23,096,858	36,930,821	23,096,858
Other post-employment benefits	157,985,387	56,421,698	—	214,407,085	—
Pollution remediation	14,653	197,919	75,539	137,033	137,033
	$ 3,599,644,627	$233,007,659	$334,726,269	$3,497,926,017	$ 168,110,335
Amortization of financing activity:					
Deferred refunding difference				(20,429,813)	
Capital lease termination				—	
Discount				(117,136)	
Premium				116,532,498	
				$3,593,911,566	

Changes in long-term obligations for the year ended June 30, 2010 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$ 2,355,925,000	$ 1,085,000,000	$ 88,285,000	$3,352,640,000	$ 123,340,000
Advances from other entities	14,994,037	10,910,480	5,367,449	20,537,068	6,616,088
Federal Highway Administration loan	12,169,793	—	—	12,169,793	12,169,793
Capital leases	19,646,417	3,283,945	8,608,816	14,321,546	9,308,965
Claims and judgments	5,926,304	2,295,357	4,154,341	4,067,320	2,938,561
Compensated absences	37,898,074	25,014,820	25,004,034	37,908,860	25,004,034
Other post-employment benefits	97,456,294	60,529,093	—	157,985,387	—
Pollution remediation	153,657	94,241	233,245	14,653	14,653
	$ 2,544,169,576	$ 1,187,127,936	$ 131,652,885	$3,599,644,627	$ 179,392,094
Amortization of financing activity:					
Deferred refunding difference				(16,880,386)	
Capital lease termination				(36,564)	
Discount				(131,368)	
Premium				115,473,978	
				$3,698,070,287	

Payments on state road bonds are made from the Road Fund and the Road Bond Fund. Compensated absences are liquidated by the governmental funds from which the related salaries are paid. All other long-term obligation payments are made from the Road Fund.

The detail of long-term debt is as follows:

State road bonds:	2011	2010
Series A 2000 State Road bonds, originally issued for $250,000,000, to accelerate projects in the Department's five-year plan due in annual installments of $6,610,000 to $13,315,000 beginning February 1, 2002 through 2013; interest varying from 4.30 percent to 5.63 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. These bonds were called in fiscal year 2011.	$ —	$ 26,310,000
Series A 2001 State Road bonds, originally issued for $200,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $7,110,000 to $10,535,000 beginning February 1, 2003 through 2015; interest varying from 2.25 percent to 5.125 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	10,125,000	30,915,000
Series A 2002 State Road bonds originally issued for $203,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $7,435,000 to $10,075,000 beginning February 1, 2004 through 2015; interest varying from 3.00 percent to 5.25 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	9,675,000	37,325,000
Series A 2003 State Road bonds, originally issued for $254,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $8,125,000 to $18,910,000 beginning February 1, 2005 through 2023; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	11,990,000	135,335,000
Series A 2005 State Road bonds, originally issued for $278,660,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, due in annual installments of $23,835,000 to $33,940,000 beginning May 1, 2006 through 2015; interest varying from 2.50 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	126,460,000	154,485,000
Series B 2005 State Road bonds, originally issued for $72,000,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, demand bonds due in 2015; variable interest rate determined weekly, not to exceed 10 percent or the maximum rate permitted by law; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. See Variable Rate Demand Bonds subsection.	58,920,000	58,920,000
Series A 2006 State Road bonds, originally issued for $296,670,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program; due in annual installments of $10,000,000 to $49,085,000; beginning in 2009 through 2021; interest varying from 3.75 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	251,670,000	271,670,000
Series B 2006 State Road bonds, originally issued for $503,330,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program due in annual installments of $67,735,000 to $121,210,000 beginning in 2022 through 2026; interest varying from 4.50 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	503,330,000	503,330,000
Series 2006 Refunding State Road bonds, originally issued for $394,870,000, to advance refund certain portions of Series A 2000 through 2003 State Road bonds; due in annual installments of $13,110,000 to $61,200,000 beginning February 1, 2013 through 2022; interest varying from 4.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	394,870,000	394,870,000

Series A 2007 State Road bonds, originally issued for $526,800,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program due in annual installments of $1,600,000 to $69,765,000 beginning in 2009 through 2027; interest varying from 4.00 percent to 5.25 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	510,145,000	511,745,000
Series A 2008 Federal Reimbursement State Road Bonds, originally issued for $142,735,000, to finance federally-eligible projects, including the new I-64 project in St. Louis, due in annual installments of $7,140,000 to $12,870,000 beginning in 2011 through 2025; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	135,595,000	142,735,000
Series A 2009 Federal Reimbursement State Road Bonds, originally issued for $195,625,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $14,505,000 to $21,870,000 beginning in 2011 through 2021; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	181,120,000	195,625,000
Series B 2009 Federal Reimbursement State Road Bonds, originally issued for $404,375,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $23,175,000 to $43,250,000 beginning in 2022 through 2033; interest varying from 4.80 percent to 5.45 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	404,375,000	404,375,000
Series C 2009 State Road bonds, originally issued for $300,000,000, to finance projects pursuant to Amendment 3 due in annual installments of $19,070,000 to $28,015,000 beginning in 2017 through 2029; interest varying from 4.31 percent to 5.63 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	300,000,000	300,000,000
Series A 2010 Federal Reimbursement State Road Bonds, originally issued for $128,865,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $2,745,000 to $13,610,000 beginning in 2011 through 2022; interest varying from 1.50 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	119,915,000	128,865,000
Series B 2010 Federal Reimbursement State Road Bonds, originally issued for $56,135,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $11,290,000 to $15,425,000 beginning in 2022 through 2025; interest varying from 4.72 percent to 5.02 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	56,135,000	56,135,000
Series C 2010 Refunding State Road bonds, originally issued for $130,390,000, to advance refund certain portions of Series A 2001 through 2003 State Road bonds; due in annual installments of $1,205,000 to $31,145,000 beginning February 1, 2013 through 2023; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	130,390,000	—
	$3,204,715,000	$3,352,640,000

Tax-Exempt issuances: The Series 2000, 2001, 2002, 2003 and Refunding Series 2006 and 2010 bonds are Senior Bonds and would take priority in payment over other bonds. The Series A 2005 and Series A and B 2006 bonds are First Lien bonds. The Series A 2007 bonds are Second Lien bonds. The Series B 2005 bonds are Third Lien bonds. The Series A 2008, A 2009 and A 2010 bonds are liens on federal highway reimbursement revenues. As tax-exempt issuances, these bonds are subject to federal arbitrage regulations.

Taxable issuances: The Series B 2009 and B 2010 bonds are liens on federal highway reimbursement revenues. The Series C 2009 bonds are Third Lien bonds. These bonds are taxable Build America Bonds as established under the American Recovery and Reinvestment Act.

- Variable Rate Demand Bonds

  The Series B 2005 State Road bonds were issued as variable rate instruments with weekly rate changes. The remarketing agents determine the interest rate as the lowest rate that will permit the bonds to be sold at par. During the year, interest rates ranged from 0.06 percent to 0.33 percent. Accrued interest is paid on a monthly basis. These bonds are demand obligations and are subject to tender. If the tendered bonds cannot be remarketed, the remarketing agents have agreed to purchase the bonds and hold them for a maximum of 180 days. The remarketing agents receive quarterly fees to provide the service. The fees are 7.5 basis points of amounts outstanding.

  Under an irrevocable letter of credit issued by State Street Bank and Trust Company, the bank is obligated to pay the bond trustee the purchase price of bonds not remarketed. The letter of credit expires July 21, 2012.

  If monies are drawn on the letter of credit, the Commission may pay the purchase price of the bonds or obtain a liquidity advance, payable 60 days following the advance, with interest at the federal funds rate plus 0.5 percent. The Commission may enter into a term loan of up to three years bearing interest at a rate equal to the federal funds rate plus 1.5 percent. If the term loan were to be utilized because the outstanding amount of $58,920,000 was not resold, the Commission would be required to pay approximately $10,123,000 semi-annually for 3 years, assuming a 1.75 percent interest rate. The Department pays quarterly fees of 17 basis points to the bank.

- Defeased Debt – Fiscal year 2007

  In December 2006, the Commission defeased $407.6 million of outstanding State Road Bonds by placing funds into an irrevocable trust to provide for future debt service payments of portions of Series 2000 through 2003 bonds. Accordingly, the trust account assets and those portions of the bonds are excluded from the Department's financial statements. The amounts of outstanding bonds considered defeased at June 30, 2011 are as follows:

Bond Series	Principal Defeased
2001 A	$105,075,000
2002 A	109,165,000
2003 A	57,390,000
Total	$271,630,000

- Defeased Debt – Fiscal year 2011

  In November 2010, the Commission issued $130.4 million in State Road Bonds with interest rates ranging from 3.00 percent to 5.00 percent to advance refund $141.3 million of outstanding State Road Bonds. The net proceeds of $150.5 million were deposited into an irrevocable trust with an escrow agent to purchase State and Local Government Securities (SLGS) and U. S. Treasury Notes to provide for future debt service payments of portions of the Series 2001 through 2003 bonds. As a result, those portions of the bonds are considered defeased and the liability for those bonds has been removed from the Department's government-wide statements of net assets. The reacquisition price ($150.5 million) exceeded the net carrying amount of the old debt ($144.5 million) by $6.0 million. This advanced refunding was undertaken to reduce total debt service payments by $13.3 million and resulted in an economic gain (present value savings) of $11.7 million. The amounts of outstanding bonds considered defeased at June 30, 2011 are as follows:

Bond Series	Principal Defeased
2001 A	$ 11,135,000
2002 A	18,405,000
2003 A	111,760,000
Total	$141,300,000

Advances from other entities:	2011	2010
American Energy Producers; to make improvements to Route 65; principal due in fiscal year 2011; no interest will accrue.	$ —	$ 183,750
City of Chillicothe; to make improvements to Route 65; principal due August 31, 2010; no interest will accrue.	—	193,365
City of Columbia; to make improvements to Route 63 at Gans Road; principal due August 1, 2010; no interest will accrue.	—	970,719
City of Fulton; to make improvements at Business Route 54 and Second Street; principal due August 5, 2012; no interest will accrue.	981,014	981,014
Joplin Special Road District; to make improvements at Route 43 and Douglas Fir Road; principal due August 1, 2011; no interest will accrue.	175,332	297,000
City of Kansas City; to make improvements at Route 150 and Botts Road; principal due in 2013 and 2014; no interest will accrue.	5,037,576	99,453
Kansas City Power and Light; to make improvements to Route 45; principal due August 1, 2010; no interest will accrue.	—	2,220,834
City of Moberly; to make improvements to Routes 24 and DD; principal due August 1, 2011; no interest will accrue.	428,000	119,064
City of O'Fallon; to accelerate a portion of the Route 364 (Page Avenue Extension) project, which consists of constructing a south outer road; principal due July 1, 2015; no interest will accrue.	8,835,335	8,835,335
City of Pacific; to make improvements to Route I-44; principal due August 1, 2011; no interest will accrue.	459,643	173,946
City of Rogersville; to make improvements to Route 60; principal due in fiscal year 2013; no interest will accrue	355,733	73,630
Show Me Ethanol; to make improvements to Route 24; principal due July 29, 2011; no interest will accrue.	112,496	53,243
City of Springfield; to make improvements on Route 60 (James River Freeway) and National Avenue; principal due in fiscal years 2012 and 2013; no interest will accrue.	3,256,077	2,619,777
Springfield Underground; to make improvements to Route 744; principal due August 1, 2010; no interest will accrue.	—	1,693,300
County of St. Charles; to provide a location, needs and cost study of a river crossing on Highway 40 between St. Louis County and St. Charles County; principal due July 1, 2020; no interest will accrue.	644,498	644,498
County of St. Charles; to make improvements to Route 364; principal due August 1, 2012 and August 1, 2013; no interest will accrue.	1,992,867	—
County of St. Louis; to make improvements to Route 40/I-64 at Spirit of St. Louis Blvd; principal due August 3, 2010; no interest will accrue.	—	1,054,120
City of Trenton; to make improvements to Route 65; principal due August 1, 2012; no interest will accrue.	382,000	24,020
City of Warrenton; to make improvements to Route 47; principal due August 1, 2010; no interest will accrue.	—	300,000
City of Waynesville; to make improvements parallel to I-44; principal due August 1, 2011; no interest will accrue.	1,017,440	—
	$23,678,011	$20,537,068

Federal loan:	**2011**	**2010**
Federal Highway Administration; for the extension of Page Avenue in St. Charles County; principal payments due in 2011, no interest will accrue.	$ —	$12,169,793

Annual debt service requirements to maturity are indicated in the following schedule. The interest amounts for the demand obligation bonds reflect the year-end rate of 0.06 percent and are based upon the current debt service schedule. The interest payments for the Build America Bonds are shown excluding the expected receipt of interest subsidy payments from the U.S. Treasury. The Commission is responsible for loan interest payments to make improvements to Highway 36, due in annual installments beginning in fiscal year 2011 through 2020, at an interest rate of 3.99 percent. The U.S. Highway 36 – Interstate 72 Corridor Transportation Development District is responsible for principal payments.

Fiscal Year	Principal Due	Interest Due	Total Due
State Road Bonds			
2012	$ 133,190,000	$ 153,980,488	$ 287,170,488
2013	153,525,000	149,295,344	302,820,344
2014	162,050,000	143,364,826	305,414,826
2015	169,550,000	136,763,735	306,313,735
2016	168,470,000	129,749,440	298,219,440
2017-2021	1,054,395,000	509,813,239	1,564,208,239
2022-2026	993,105,000	249,594,315	1,242,699,315
2027-2031	285,415,000	64,679,176	350,094,176
2032-2033	85,015,000	6,984,030	91,999,030
	$3,204,715,000	$1,544,224,593	$4,748,939,593
Advances from other entities			
2012	$ 4,370,430	$ 1,074,861	$ 5,445,291
2013	4,790,172	955,937	5,746,109
2014	5,000,000	835,581	5,835,581
2015	37,576	717,836	755,412
2016	8,835,335	600,091	9,435,426
2017-2021	644,498	1,174,949	1,819,447
	$ 23,678,011	$ 5,359,255	$ 29,037,266

House Bill 1742, signed by the Governor on May 30, 2000, authorized the Department to issue bonds of $2.25 billion through 2006, with no more than $500.0 million issued in any one year. Under Constitutional Amendment 3, approved by Missouri voters on November 2, 2004, the authority of the Commission to issue State Road bonds is not subject to statutory provisions.

In December 2003, the Commission entered into a line-of-credit with the MTFC. The maximum amount available in the line-of-credit is the total uncommitted balance of the MTFC accounts. The primary purpose of the loan is to finance federally funded construction projects in the event of federal reimbursement delays for Road Fund projects. The Commission will make a lump-sum payment of principal and interest three months after the loan is advanced. At June 30, 2011 and 2010, no advances had been made to MoDOT on the line-of-credit agreement.

Capital lease obligations:

The Department is committed under several capital leases to finance the acquisition of various vehicles and equipment, as well as a building. Lease-purchase agreements for equipment, vehicles and the building grant a security interest in the related capital assets. The assets acquired through these capital leases are included in capital assets as follows:

	2011	2010
Building	$ 4,106,522	$ 4,106,522
Equipment	415,791	3,424,116
Vehicles	8,079,361	35,336,749
Total capital leased assets	12,601,674	42,867,387
Accumulated depreciation	1,663,841	20,536,177
Capital leased assets, net	$ 10,937,833	$ 22,331,210

The following schedule presents the future minimum lease payments under the capital leases and the present value of the future minimum lease payments as of June 30, 2011:

2012	$ 3,226,590
2013	3,238,990
2014	681,991
2015	399,876
2016	396,000
2017-2020	1,353,000
Total minimum lease payments	9,296,447
Less: amount representing interest	820,074
Present value of minimum lease payments	$ 8,476,373

Pollution remediation obligations:

During 2011, MoDOT performed work related to Missouri Department of Natural Resources' requirements for lagoons and a fuel leak. MoDOT is currently involved in remediation activities in two instances related to buildings and grounds caused by chemical contamination as well as three additional lagoon issues at rest areas. The potential for pollution remediation exists; however, any future remediation obligations are not yet estimable.

Note 9: Tax Revenues

Tax revenues for the fiscal years 2011 and 2010 were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2011
Fuel taxes	$499,033,246	$ 133,520	$ —	$ 249,421	$499,416,187
Sales and use taxes	51,011,271	110,286,871	100,534,982	7,503,329	269,336,453
Total tax revenue	$550,044,517	$110,420,391	$100,534,982	$7,752,750	$768,752,640

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2010
Fuel taxes	$503,121,282	$ 114,205	$ —	$ 252,347	$503,487,834
Sales and use taxes	47,506,321	103,110,616	94,150,295	6,576,177	251,343,409
Total tax revenue	$550,627,603	$103,224,821	$94,150,295	$6,828,524	$754,831,243

Taxes are remitted by the Missouri Department of Revenue to the Department subsequent to collection. The Department receives the following taxes:

- **Fuel taxes** are paid on the sale of gasoline, aviation fuel used in propelling aircraft with reciprocating engines and diesel fuel. The taxes are authorized by Sections 142.010 – 142.350, 155.080 and 155.090, and 142.362 – 142.621 RSMo., respectively. The tax rate on gasoline and diesel fuels is $0.17 per gallon. The Department receives 75.0 percent of the first $0.11 and 70.0 percent of the next $0.06. The remaining tax is distributed to cities and counties. In addition, the Department receives the entire tax on aviation fuel of $0.09 per gallon.
- **Sales and use taxes** are paid on the purchase of any new or used motor vehicle or trailer, on vehicles purchased out of state and titled in Missouri and on the sale of a vehicle between individuals within Missouri. The taxes are authorized by Sections 144.070 and 144.440 RSMo. The general sales tax rate is 3.0 percent and Proposition C tax (Section 144.701 RSMo.) is 1.0 percent, for a total of 4.0 percent. The Department receives 75.0 percent of the motor vehicle sales voter-approved Constitutional Amendment 3 tax. The remainder is distributed to cities, counties and school districts. The Department receives 100 percent of the 3.0 percent general use tax and 75.0 percent of the Proposition C use tax. The other 25.0 percent of the Proposition C use tax is distributed to cities and counties. In addition, the Department receives sales and use tax on aviation jet fuel, limited to a maximum of $10.0 million in each calendar year.

Note 10: Interfund Transactions

State statute (226.200 RSMo.) requires the transfer of unspent monies in the Highway Fund to the State Road Fund on a monthly basis. Transfers for the years ended June 30, 2011 and 2010 were as follows:

	2011		2010	
	Transfers In	Transfers Out	Transfers In	Transfers Out
State Highways and Transportation Department Fund	$ —	$515,180,883	$ —	$536,844,549
State Road Fund	515,180,883	—	536,863,645	—
Nonmajor Funds	—	—	—	19,096
Total transfers	$515,180,883	$515,180,883	$536,863,645	$536,863,645

The due to/from amounts in the Road Fund and non-major funds represent interfund services provided and used. Amounts receivable/payable as of June 30, 2011 and 2010 were as follows:

	2011		2010	
	Receivable	Payable	Receivable	Payable
State Road Fund	$708,810	$ —	$174,229	$ —
Nonmajor Funds	—	708,810	—	174,229
Total due to/from	$708,810	$708,810	$174,229	$174,229

Note 11: Pension Plan

The MoDOT and Patrol Employees' Retirement System (MPERS) was established in accordance with Section 104.020 RSMo., and is administered by an 11-member Board of Trustees. MPERS is included within the state of Missouri reporting entity as a single employer plan. However, it is disclosed for the Department's reporting purposes as a cost-sharing, multiple-employer plan, because it includes employees of MoDOT, MSHP, and MPERS. As a separate legal entity, MPERS issues its own stand-alone financial report, which provides detailed information regarding actuarial assumptions and funding progress. Copies may be requested from the MoDOT and Patrol Employees' Retirement System, P.O. Box 1930, Jefferson City, Missouri 65102, or can be found online at www.mpers.org.

MPERS provides retirement, death, and disability benefits to eligible employees, defined as someone working in a position that normally requires the performance of duties during at least 1,040 hours annually. Benefits vest after five years of creditable service for employees hired before January 1, 2011, and after ten years for those hired on or after January 1, 2011. Actuarially determined contribution rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State statute to be funded in advance. Any amendments to the plan require changes in State statute.

Contributions to MPERS for fiscal years 2011 and 2010 were 39.46 percent and 31.40 percent, respectively, of covered payroll. The Department made 100 percent of the required contributions of $99,109,317 in 2011, $83,667,034 in 2010, and $82,112,149 in 2009. Employees hired prior to January 1, 2011 do not contribute to the MPERS. New employees hired for the first time on or after January 1, 2011 contribute 4.0 percent.

The funding policy provides for actuarially-determined and board-approved employer contributions using the entry-age normal cost method on a closed group basis. The fiscal year 2011 contribution rate was based on a 15-year closed amortization period for unfunded retiree liabilities and a 30-year closed amortization period for other unfunded liabilities. The MPERS' funded status ratio was 43.3 percent and 42.2 percent as of June 30, 2011 and 2010, respectively.

Note 12: Commitments and Contingencies

(A) Unemployment Benefits

The Department is subject to the Missouri Employment Security Law. Department employees who qualify are entitled to benefit payments during periods of unemployment. The Department is required to reimburse the Division of Employment Security for benefit payments made to its former employees. The Department has identified no practical method of estimating the amount of future benefit payments that may be made to former employees for wage credits earned prior to June 30, 2011 and 2010. Consequently, this potential obligation is not included in the accompanying basic financial statements. Total reimbursements made by the Department were $639,398 and $693,379 for fiscal years 2011 and 2010, respectively.

(B) Construction Commitments

Construction awards outstanding for both state and federal participating projects at June 30, 2011 and 2010 amounted to approximately $1,113,953,632 and $1,592,822,162, respectively. The federal portion of this total was $795,777,356 and $1,166,302,168, or approximately 71.44 percent and 73.22 percent, for 2011 and 2010, respectively.

(C) Operating Leases

The Department is committed under operating leases for buildings, as well as various office and maintenance equipment. Lease expenditures for the years ended June 30, 2011 and 2010 amounted to $2,597,512 and $3,300,822, respectively. Future minimum lease payments for these leases are as follows:

	2011	2010
Year ending:		
2011	$ —	$ 984,140
2012	852,888	37,182
2013	38,456	23,151
2014	1,106	806
2015	300	—
	$ 892,750	$1,045,279

(D) Federal Funding

The Department receives federal grants that are subject to review and audit by federal grantor agencies. This could result in requests for reimbursement by the grantor agency for any expenditures disallowed under grant terms. The Department believes such disallowances, if any, would be immaterial.

Note 13: Net Asset Deficit

The MHTC Self-Insurance Plan fund, an internal service fund, had a net asset deficit of $18,298,514 at June 30, 2011. Funding is based on annual actuarial studies and budget availability. Increases in appropriations and claims management should eliminate the deficit over time.

Note 14: Accounting Pronouncement: Fund Balances and Fund Types

During fiscal year 2011, the Department implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires reclassifications of certain governmental fund types and changes in fund balance categories. The effect of implementation on the governmental fund balances is as follows:

	June 30, 2010
Fund balances, as previously reported:	
Reserved for:	
Debt service	$ 73,471,006
Loans receivable and contractual agreements	2,386,483
Inventories	43,710,680
Unreserved, debt service fund	26,819,703
Unreserved, special revenue funds	1,466,377,769
Total fund balance	$1,612,765,641
Fund balances, as restated:	
Nonspendable – inventories	$ 43,710,680
Restricted – highways and transportation	1,569,054,961
Total fund balance	$1,612,765,641

In addition, the Federal Stimulus Fund is not reported separately, but its activities are reported in the funds which receive its transfers.

Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedules – State Highways and Transportation Department Fund

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2011	2010
Budgetary fund balance, beginning of year	$ 10,329,273	$ 10,329,273	$ 10,329,273	$ —	$ —
Resources (inflows)					
Fuel taxes	488,261,000	488,261,000	501,397,724	13,136,724	(41,655,412)
License, fees and permits	181,123,718	181,123,718	181,951,284	827,566	(3,947,100)
Vehicle sales and use taxes	43,791,718	43,791,718	51,141,358	7,349,640	5,330,574
Interest	731,000	731,000	382,461	(348,539)	35,986
Intergovernmental/cost reimbursements/miscellaneous	2,917,000	2,917,000	5,227,900	2,310,900	(2,659,885)
Amount available for appropriation	727,153,709	727,153,709	750,430,000	23,276,291	(42,895,837)
Charges to appropriations (outflows)					
Appropriations spent by other state agencies	250,454,274	250,291,157	226,253,424	24,037,733	21,734,525
Total charges to appropriations	250,454,274	250,291,157	226,253,424	24,037,733	21,734,525
Transfers to State Road Fund	(525,000,000)	(525,000,000)	(515,180,883)	9,819,117	59,604,034
Budgetary fund balance, end of year	$ (48,300,565)	$ (48,137,448)	$ 8,995,693	$57,133,141	$ 38,442,722

Required Supplementary Information

Budgetary Comparison Schedules – State Road Fund

Year Ended June 30, 2011

With Summarized Financial Information for 2010

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2011	2010
Budgetary fund balance, beginning of year	$ 1,356,396,903	$ 1,356,396,903	$ 1,356,396,903	$ —	$ —
Resources (inflows)					
Fuel taxes	106,000	106,000	133,520	27,520	5,205
License, fees and permits	84,601,000	84,601,000	94,131,179	9,530,179	12,101,659
Vehicle sales and use taxes	99,591,000	99,591,000	110,768,332	11,177,332	3,358,657
Interest	11,696,000	11,696,000	11,804,409	108,409	1,398,029
Intergovernmental/cost reimbursements/miscellaneous	153,898,000	153,898,000	142,710,316	(11,187,684)	5,071,564
Federal government	793,910,000	793,910,000	1,339,919,894	546,009,894	12,861,696
American Recovery and Reinvestment Act	165,810,000	165,810,000	244,742,942	78,932,942	(70,814,560)
Bond proceeds	—	—	—	—	22,698,801
Amount available for appropriation	2,666,008,903	2,666,008,903	3,300,607,495	634,598,592	(13,318,949)
Charges to appropriations (outflows)					
Administration					
Personal service	21,762,749	20,573,773	19,986,629	587,144	1,069,732
Fringe benefits	27,174,529	26,783,968	25,626,011	1,157,957	1,751,903
Expense and equipment	4,741,505	4,686,052	3,231,589	1,454,463	1,409,788
Maintenance					
Personal service	150,504,726	144,664,814	141,215,461	3,449,353	1,082,980
Fringe benefits	107,361,695	104,991,744	97,562,874	7,428,870	1,721,895
Expense and equipment	228,190,458	246,208,394	231,282,255	14,926,139	12,349,353
Construction					
Personal service	84,909,076	82,292,373	80,525,851	1,766,522	1,471,551
Fringe benefits	55,884,777	54,892,470	51,942,624	2,949,846	2,380,192
Expense and equipment	27,134,696	28,865,159	25,430,744	3,434,415	855,455
Contracts	1,195,845,000	1,304,647,781	926,356,946	378,290,835	619,779,430
Right of way purchase	15,000,000	18,000,000	18,134,360	(134,360)	4,062,279
Program-bonds	394,126,000	394,126,000	446,904,547	(52,778,547)	(337,859,304)
Fleet, facilities and information systems					
Personal service	16,158,018	15,184,313	14,809,061	375,252	776,073
Fringe benefits	10,893,382	10,504,737	9,500,294	1,004,443	677,800
Expense and equipment	78,283,396	77,915,380	72,662,581	5,252,799	6,264,294
Multimodal operations					
Personal service	428,874	428,874	426,731	2,143	46,337
Fringe benefits	296,227	296,227	230,374	65,853	70,700
Expense and equipment	36,995	36,995	16,531	20,464	17,273
Program	4,381,500	176,000	176,000	—	7,264,000
Bond principal and interest payments	182,755,000	191,825,000	190,917,919	907,081	(3,297,876)
Total charges to appropriations	2,605,868,603	2,727,100,054	2,356,939,382	370,160,672	321,893,855
Transfers from Highway Fund	525,000,000	525,000,000	515,180,883	(9,819,117)	(59,604,034)
Budgetary fund balance, end of year	$ 585,140,300	$ 463,908,849	$ 1,458,848,996	$ 994,940,147	$ 248,970,872

Required Supplementary Information

Budget Basis to GAAP Reconciliations and Disclosure

Years Ended June 30, 2011 and 2010

The following are reconciliations of the differences between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis for 2011:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 8,995,693	$ 1,458,848,996
Receivables	111,086,016	119,763,695
Due from other funds	—	708,810
Inventories	—	46,730,728
Payables	(9,161,657)	(135,864,188)
Deferred revenues	(3,104,907)	(40,827,754)
Change in fair value of investments	3,819	68,075
Fund balance, GAAP basis	$ 107,818,964	$ 1,449,428,362

The following are reconciliations of the differences between the State's budgetary basis and accounting principles GAAP basis for 2010:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 10,329,273	$1,356,396,903
Receivables	115,501,220	225,099,020
Due from other funds	—	174,229
Inventories	—	43,710,680
Payables	(11,117,326)	(150,856,336)
Deferred revenues	(2,952,187)	(21,787,986)
Escrowed funds	—	22,705
Change in fair value of investments	13,600	1,466,937
Fund balance, GAAP basis	$ 111,774,580	$1,454,226,152

Budgetary Principles and Presentation

The budgetary comparison schedules are presented on the State's budgetary basis of accounting. Under this basis, revenues are recognized when cash is received. Expenditures are recognized for cash disbursements made during the fiscal year and for adjustments made in the lapse period, as defined by the Office of Administration.

All governmental funds reported by MoDOT have legally adopted annual budgets. The legal authority for approval of the Department's budget and amendments for the State Highways and Transportation Department Fund rests with the State Legislature. The Commission approves the State Road Fund budget and amendments. The fund level is the legal level of control for the State Road Fund. However, at any time, the Commission may approve the Department to spend more or less than the State Legislature or the fund level of the State Road Fund, which will drive the Department's budget to be higher or lower than the other legal limits.

The Department develops its budget through processes involving the districts and the central office divisions. Upon Commission approval, the legislative budget request is sent to the Office of Administration on October 1, and is forwarded to the Governor's Office. The Governor develops a recommendation regarding the budget and forwards both the budget request and the recommendation to the Legislature. The Legislature generally acts on budget matters between January and May. The Governor has veto authority and generally acts on those matters in June. Upon Commission approval in June, the Department then internally distributes available funds based on input and feedback from the districts and the central office divisions.

Required Supplementary Information

Schedule of Funding Progress
Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	—	$686,992,459	$686,992,459	0 %	$262,657,307	262 %
7/1/2009	—	798,601,629	798,601,629	0 %	266,455,521	300

Actuarial valuations are performed biennially. The Department is the majority employer participating in the MoDOT and MSHP Medical and Life Insurance Plan. The Insurance Plan's total actuarial accrued liability is $1,094.8 million.

Because the Insurance Plan is an internal service fund of the Department, the net assets have not been set aside; therefore, there is no actuarial value of assets. This results in a calculated funded ratio of zero percent. The Insurance Plan is financed on a pay-as-you-go basis. The Plan's funding is not based on covered payroll; the required information is displayed for information purposes. Refer to the Medical and Life Insurance Plan and Other Post-Employee Benefits disclosures in the Notes to the Financial Statements for further information on the Insurance Plan.

This page intentionally left blank

Combining
Financial Statements
Nonmajor Governmental Funds

Combining Balance Sheets
Nonmajor Governmental Funds – Special Revenue
June 30, 2011
With Summarized Financial Information for 2010

	Multimodal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Assets					
Cash and cash equivalents	$1,294,057	$408,463	$8,908,605	$ 742,938	$106,800
State taxes and fees receivable	—	217,180	440,307	—	—
Federal government receivable	3,949,129	—	—	—	302,850
Miscellaneous receivables, net	1,433,391	—	14,512	24,524	—
Loans receivable	—	—	—	2,948,814	—
Total assets	$6,676,577	$625,643	$9,363,424	$3,716,276	$409,650
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$5,357,229	$ 113	$ 91,925	$ —	$300,218
Accrued payroll	23,755	8,230	27,647	—	—
Deferred revenue	250,191	—	—	—	—
Due to other funds	14,632	3,991	16,066	—	—
Total liabilities	5,645,807	12,334	135,638	—	300,218
Fund Balances					
Restricted – highways and transportation	1,030,770	613,309	9,227,786	3,716,276	109,432
Total fund balances	1,030,770	613,309	9,227,786	3,716,276	109,432
Total liabilities and fund balances	$6,676,577	$625,643	$9,363,424	$3,716,276	$409,650

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2011	Total 2010
$5,858,041	$536,861	$ 277,812	$136,206	$18,269,783	$18,545,272
105,058	—	—	—	762,545	636,459
—	—	2,289,092	—	6,541,071	7,563,779
7,399	—	—	—	1,479,826	723,442
—	—	—	—	2,948,814	2,363,778
$5,970,498	$536,861	$2,566,904	$136,206	$30,002,039	$29,832,730
$ 162,704	$ 3,247	$1,581,709	$ —	$ 7,497,145	$ 9,219,899
—	20,128	17,719	—	97,479	102,371
—	—	—	—	250,191	391,025
—	14,093	660,028	—	708,810	174,229
162,704	37,468	2,259,456	—	8,553,625	9,887,524
5,807,794	499,393	307,448	136,206	21,448,414	19,945,206
5,807,794	499,393	307,448	136,206	21,448,414	19,945,206
$5,970,498	$536,861	$2,566,904	$136,206	$30,002,039	$29,832,730

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Multimodal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Revenues					
Fuel taxes	$ —	$ —	$ 249,421	$ —	$ —
Sales and use taxes	—	2,680,354	4,822,975	—	—
Licenses, fees and permits	—	—	—	—	—
Intergovernmental/cost reimbursements/miscellaneous	1,456,158	—	1,060	—	50
Investment earnings	—	—	45,567	95,042	—
American Recovery and Reinvestment Act	2,347,962	—	—	—	—
State government	11,131,957	—	—	—	—
Federal government	41,030,159	—	—	—	1,038,362
Total revenues	55,966,236	2,680,354	5,119,023	95,042	1,038,412
Expenditures					
Current					
Maintenance	—	—	—	—	1,037,608
Multimodal operations	55,774,119	2,446,870	4,456,010	9,509	—
Capital outlay	—	—	—	—	—
Other state agencies	—	—	—	—	—
Total expenditures	55,774,119	2,446,870	4,456,010	9,509	1,037,608
Excess of revenues over (under) expenditure	192,117	233,484	663,013	85,533	804
Other Financing Sources (Uses)					
Capital asset sales	4,285	—	—	—	119
Transfers out	—	—	—	—	—
Total other financing sources (uses)	4,285	—	—	—	119
Net Changes in Fund Balances	196,402	233,484	663,013	85,533	923
Fund Balances, beginning of year	834,368	379,825	8,564,773	3,630,743	108,509
Fund Balances, end of year	$ 1,030,770	$ 613,309	$9,227,786	$3,716,276	$ 109,432

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2011	Total 2010
$ —	$ —	$ —	$ —	$ 249,421	$ 252,347
—	—	—	—	7,503,329	6,576,177
1,191,134	665,301	—	366,683	2,223,118	2,485,177
83,925	—	11,295	—	1,552,488	1,408,315
—	—	—	—	140,609	192,679
—	—	—	—	2,347,962	18,724,760
—	—	—	—	11,131,957	12,110,995
—	—	15,912,801	—	57,981,322	84,957,011
1,275,059	665,301	15,924,096	366,683	83,130,206	126,707,461
—	—	15,912,684	421,842	17,372,134	20,633,385
932,049	642,265	—	—	64,260,822	109,579,243
—	—	—	—	—	41,871
—	—	—	—	—	105,878
932,049	642,265	15,912,684	421,842	81,632,956	130,360,377
343,010	23,036	11,412	(55,159)	1,497,250	(3,652,916)
—	—	1,554	—	5,958	2,830
—	—	—	—	—	(19,096)
—	—	1,554	—	5,958	(16,266)
343,010	23,036	12,966	(55,159)	1,503,208	(3,669,182)
5,464,784	476,357	294,482	191,365	19,945,206	23,614,388
$5,807,794	$499,393	$ 307,448	$136,206	$21,448,414	$ 19,945,206

This page intentionally left blank

Combining Financial Statements Proprietary Funds

Combining Statements of Net Assets

Proprietary Funds – Internal Service

June 30, 2011

With Summarized Financial Information for 2010

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self-Insurance Plan	Total 2011	Total 2010
Assets				
Current assets				
Cash and cash equivalents	$ 6,992,840	$ 9,839,564	$ 16,832,404	$ 14,941,917
Investments	18,781,699	22,903,467	41,685,166	63,292,613
Federal government receivable	259	—	259	2,486
Miscellaneous receivables	3,195,891	213,966	3,409,857	2,453,975
Total current assets	28,970,689	32,956,997	61,927,686	80,690,991
Noncurrent assets				
Investments	23,778,618	38,538,604	62,317,222	33,821,433
Restricted investments	100,000	200,000	300,000	300,000
Total noncurrent assets	23,878,618	38,738,604	62,617,222	34,121,433
Total assets	52,849,307	71,695,601	124,544,908	114,812,424
Liabilities				
Current liabilities				
Accounts payable	3,737,734	10,475	3,748,209	2,903,024
Deferred revenue	7,948,142	—	7,948,142	7,704,199
Pending self-insurance claims	—	17,817,000	17,817,000	14,583,000
Incurred but not reported claims	11,400,000	5,664,000	17,064,000	16,086,000
Total current liabilities	23,085,876	23,491,475	46,577,351	41,276,223
Noncurrent liabilities				
Pending self-insurance claims	—	50,460,640	50,460,640	48,452,271
Incurred but not reported claims	—	16,042,000	16,042,000	14,240,000
Total noncurrent liabilities	—	66,502,640	66,502,640	62,692,271
Total liabilities	23,085,876	89,994,115	113,079,991	103,968,494
Net Assets				
Restricted net assets	100,000	200,000	300,000	300,000
Unrestricted net assets	29,663,431	(18,498,514)	11,164,917	10,543,930
Total net assets	$29,763,431	$(18,298,514)	$ 11,464,917	$ 10,843,930

Combining Statements of Revenues, Expenses and Changes in Net Assets

Proprietary Funds – Internal Service

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self-Insurance Plan	Total 2011	Total 2010
Operating Revenues				
Self-insurance premiums				
Highway workers' compensation	$ —	$ 6,150,000	$ 6,150,000	$ 6,500,000
Highway patrol workers' compensation	—	3,000,000	3,000,000	3,000,000
Highway fleet vehicle liability	—	1,500,000	1,500,000	1,200,000
Highway general liability	—	9,800,000	9,800,000	8,000,000
Medical insurance premiums				
State	82,864,054	—	82,864,054	82,187,328
Member	32,591,031	—	32,591,031	30,867,546
American Recovery and Reinvestment Act	59,514	—	59,514	88,179
Other	8,148,800	320,757	8,469,557	5,753,460
Total operating revenues	123,663,399	20,770,757	144,434,156	137,596,513
Operating Expenses				
Self-insurance programs				
Highway workers' compensation	—	6,102,178	6,102,178	9,804,076
Highway patrol workers' compensation	—	1,631,056	1,631,056	582,612
Highway fleet vehicle liability	—	2,336,882	2,336,882	2,127,139
Highway general liability	—	18,492,742	18,492,742	18,823,316
Other	—	659,361	659,361	630,167
Medical and life insurance program				
Insurance premiums	6,145,923	—	6,145,923	5,976,741
Medical benefits	83,257,461	—	83,257,461	80,367,008
Prescription drug benefits	19,976,807	—	19,976,807	19,513,498
Professional fees	1,281,859	—	1,281,859	1,687,891
Administrative services	6,392,444	—	6,392,444	5,685,350
Other	20,412	—	20,412	15,893
Total operating expenses	117,074,906	29,222,219	146,297,125	145,213,691
Operating income (loss)	6,588,493	(8,451,462)	(1,862,969)	(7,617,178)
Nonoperating Revenues				
Net appreciation and investment income	940,644	1,543,312	2,483,956	3,242,716
Total nonoperating revenues	940,644	1,543,312	2,483,956	3,242,716
Changes in Net Assets	7,529,137	(6,908,150)	620,987	(4,374,462)
Net Assets, beginning of year	22,234,294	(11,390,364)	10,843,930	15,218,392
Net Assets, end of year	$ 29,763,431	$(18,298,514)	$ 11,464,917	$ 10,843,930

Combining Statements of Cash Flows

Proprietary Funds – Internal Service

Year Ended June 30, 2011

With Summarized Financial Information for 2010

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self-Insurance Plan	Total 2011	Total 2010
Cash Flows From Operating Activities				
Receipts from interfund services provided	$ 122,551,340	$ 20,772,621	$ 143,323,961	$ 137,449,418
Payments for interfund services used	(109,536,248)	(20,140,489)	(129,676,737)	(124,658,062)
Payments to suppliers	(6,795,808)	(713,083)	(7,508,891)	(8,306,753)
Net cash provided by (used in) operating activities	6,219,284	(80,951)	6,138,333	4,484,603
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments	33,149,342	67,863,354	101,012,696	65,909,342
Purchases of investments	(42,785,579)	(65,412,683)	(108,198,262)	(78,450,250)
Interest received	1,130,400	1,912,225	3,042,625	3,164,213
Investment fees	(38,569)	(66,336)	(104,905)	(95,289)
Net cash provided by (used in) investing activities	(8,544,406)	4,296,560	(4,247,846)	(9,471,984)
Net increase (decrease) in cash and cash equivalents	(2,325,122)	4,215,609	1,890,487	(4,987,381)
Cash and Cash Equivalents, beginning of year	9,317,962	5,623,955	14,941,917	19,929,298
Cash and Cash Equivalents, end of year	$ 6,992,840	$ 9,839,564	$ 16,832,404	$ 14,941,917
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating income (loss)	$ 6,588,493	$ (8,451,462)	$ (1,862,969)	$ (7,617,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Receivables	(1,112,059)	1,864	(1,110,195)	(147,095)
Accounts and claims payable	498,907	8,368,647	8,867,554	12,297,376
Deferred revenue	243,943	–	243,943	(48,500)
Net cash provided by (used in) operating activities	$ 6,219,284	$ (80,951)	$ 6,138,333	$ 4,484,603
Noncash Items Impacting Recorded Assets				
Increase in fair value of investments	$ (128,472)	$ (168,752)	$ (297,224)	$ 73,803

Combining
Financial Statements
Fiduciary Funds

This page intentionally left blank

Combining Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2011

With Summarized Financial Information for 2010

	Local Fund	MCS Agency Fund	Total 2011	Total 2010
Assets				
Cash and cash equivalents	$ 2,168,478	$ 5,419,961	$ 7,588,439	$ 7,404,451
Noncurrent restricted investments	56,115,152	—	56,115,152	67,052,296
Other	280,398	1,021	281,419	277,865
Total assets	$ 58,564,028	$ 5,420,982	$ 63,985,010	$ 74,734,612
Liabilities				
Due to other governments	$ —	$ 5,420,982	$ 5,420,982	$ 3,715,070
Advances from other governments	58,564,028	—	58,564,028	71,019,542
Total liabilities	$ 58,564,028	$ 5,420,982	$ 63,985,010	$ 74,734,612

Combining Statements of Changes in Assets and Liabilities
Fiduciary Funds – Agency
Years ended June 30, 2011 and 2010

	2011			
	Beginning Balance	Additions	Deductions	Ending Balance
Local Fund				
Assets				
Cash and cash equivalents	$ 3,690,183	$ 195,214,812	$ 196,736,517	$ 2,168,478
Noncurrent restricted investments	67,052,296	158,520,258	169,457,402	56,115,152
Other	277,063	1,268,249	1,264,914	280,398
Total assets	$ 71,019,542	$ 355,003,319	$ 367,458,833	$ 58,564,028
Liabilities				
Advances from other governments	$ 71,019,542	$ 24,492,496	$ 36,948,010	$ 58,564,028
Total liabilities	$ 71,019,542	$ 24,492,496	$ 36,948,010	$ 58,564,028
MCS Agency Fund				
Assets				
Cash and cash equivalents	$ 3,714,268	$ 187,713,470	$ 186,007,777	$ 5,419,961
Other	802	11,835	11,616	1,021
Total assets	$ 3,715,070	$ 187,725,305	$ 186,019,393	$ 5,420,982
Liabilities				
Due to other governments	$ 3,715,070	$ 187,725,305	$ 186,019,393	$ 5,420,982
Total liabilities	$ 3,715,070	$ 187,725,305	$ 186,019,393	$ 5,420,982
Totals				
Assets				
Cash and cash equivalents	$ 7,404,451	$ 382,928,282	$ 382,744,294	$ 7,588,439
Noncurrent restricted investments	67,052,296	158,520,258	169,457,402	56,115,152
Other	277,865	1,280,084	1,276,530	281,419
Total assets	$ 74,734,612	$ 542,728,624	$ 553,478,226	$ 63,985,010
Liabilities				
Due to other governments	$ 3,715,070	$ 187,725,305	$ 186,019,393	$ 5,420,982
Advances from other governments	71,019,542	24,492,496	36,948,010	58,564,028
Total liabilities	$ 74,734,612	$ 212,217,801	$ 222,967,403	$ 63,985,010

2010			
Beginning Balance	Additions	Deductions	Ending Balance
$24,547,845	$158,503,339	$179,361,001	$ 3,690,183
42,788,621	140,822,617	116,558,942	67,052,296
195,645	1,554,854	1,473,436	277,063
$67,532,111	$300,880,810	$297,393,379	$71,019,542
$67,532,111	$ 40,470,962	$ 36,983,531	$71,019,542
$67,532,111	$ 40,470,962	$ 36,983,531	$71,019,542
$ 4,525,832	$177,897,493	$178,709,057	$ 3,714,268
688	5,916	5,802	802
$ 4,526,520	$177,903,409	$178,714,859	$ 3,715,070
$ 4,526,520	$177,903,409	$178,714,859	$ 3,715,070
$ 4,526,520	$177,903,409	$178,714,859	$ 3,715,070
$29,073,677	$336,400,832	$358,070,058	$ 7,404,451
42,788,621	140,822,617	116,558,942	67,052,296
196,333	1,560,770	1,479,238	277,865
$72,058,631	$478,784,219	$476,108,238	$74,734,612
$ 4,526,520	$177,903,409	$178,714,859	$ 3,715,070
67,532,111	40,470,962	36,983,531	71,019,542
$72,058,631	$218,374,371	$215,698,390	$74,734,612

This page intentionally left blank

Budgetary Comparison Schedules and Reconciliations Debt Service and Nonmajor Governmental Funds

Budgetary Comparison Schedule and Reconciliation

Debt Service – State Road Bond Fund

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 18,234,097	$ 18,234,097	$ ---	$ ---
Resources (inflows)				
Vehicle sales and use tax	91,207,000	100,945,179	9,738,179	2,196,605
Interest	398,000	283,992	(114,008)	73,305
Amount available for appropriation	109,839,097	119,463,268	9,624,171	2,269,910
Charges to appropriations (outflows)				
Bond principal and interest payments	95,987,000	92,579,165	3,407,835	28,501,421
Total charges to appropriations	95,987,000	92,579,165	3,407,835	28,501,421
Budgetary fund balance, end of year	$ 13,852,097	$ 26,884,103	$13,032,006	$30,771,331

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$26,884,103
Receivables	8,177,861
Payables	(25,120)
Change in fair value of investments	3,319
GAAP basis fund balance, end of year	$35,040,163

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Multimodal Federal
Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 1,195,901	$ 1,195,901	$ —	$ —
Resources (inflows)				
State appropriations	16,996,221	10,313,236	(6,682,985)	(4,128,143)
Intergovernmental/cost reimbursement/miscellaneous	—	1,371,040	1,371,040	1,624,642
American Recovery and Reinvestment Act	33,900,000	2,387,054	(31,512,946)	(5,727,685)
Federal government	42,000,000	42,273,000	273,000	6,376,790
Amount available for appropriation	94,092,122	57,540,231	(36,551,891)	(1,854,396)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	539,586	382,749	156,837	125,740
Fringe benefits	354,406	230,717	123,689	83,116
Expense and equipment	483,500	217,096	266,404	246,139
Program	154,651,747	55,415,612	99,236,135	76,918,406
Total charges to appropriations	156,029,239	56,246,174	99,783,065	77,373,401
Budgetary fund balance, end of year	$ (61,937,117)	$ 1,294,057	$ 63,231,174	$ 75,519,005

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$ 1,294,057
Receivables	5,382,520
Payables	(5,380,984)
Deferred revenues	(250,191)
Due to other funds	(14,632)
GAAP basis fund balance, end of year	$ 1,030,770

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental - State Transportation Fund
Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 164,301	$ 164,301	$ ---	$ —
Resources (inflows)				
Sales and use taxes	2,500,000	2,691,273	191,273	(775)
Amount available for appropriation	2,664,301	2,855,574	191,273	(775)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	155,184	130,610	24,574	22,313
Fringe benefits	113,740	73,544	40,196	41,041
Expense and equipment	61,346	22,858	38,488	31,756
Program	2,220,100	2,220,099	1	424,998
Total charges to appropriations	2,550,370	2,447,111	103,259	520,108
Budgetary fund balance, end of year	$ 113,931	$ 408,463	$294,532	$519,333

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$408,463
Receivables	217,180
Payables	(8,343)
Due to other funds	(3,991)
GAAP basis fund balance, end of year	$613,309

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental - Aviation Trust Fund
Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 9,391,903	$ 9,391,903	$ ---	$ ---
Resources (inflows)				
Fuel taxes	250,000	248,091	(1,909)	(303,486)
Sales and use taxes	5,750,000	4,669,303	(1,080,697)	(5,031,609)
Interest	---	64,435	64,435	(228,597)
Intergovernmental/cost reimbursements/miscellaneous	---	1,060	1,060	--
Amount available for appropriation	15,391,903	14,374,792	(1,017,111)	(5,563,692)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	478,560	464,417	14,143	18,665
Fringe benefits	308,144	283,939	24,205	4,763
Expense and equipment	184,702	166,152	18,550	161
Program	10,000,000	4,551,619	5,448,381	6,457,793
Total charges to appropriations	10,971,406	5,466,127	5,505,279	6,481,382
Transfers to General Revenue	(2,314,363)	---	2,314,363	---
Budgetary fund balance, end of year	$ 2,106,134	$ 8,908,665	$ 6,802,531	$ 917,690

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$ 8,908,665
Receivables	454,819
Payables	(119,572)
Due to other funds	(16,066)
Change in fair value of investments	(60)
GAAP basis fund balance, end of year	$ 9,227,786

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – State Transportation Assistance Revolving Fund

Year Ended June 30, 2011

With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$1,249,695	$1,249,695	$ —	$ —
Resources (inflows)				
Interest	64,971	87,792	22,821	1,843
Intergovernmental/cost reimbursements/miscellaneous	372,027	414,965	42,938	(26,137)
Amount available for appropriation	1,686,693	1,752,452	65,759	(24,294)
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	9,509	9,509	—	—
Program	1,000,000	1,000,000	—	550,000
Total charges to appropriations	1,009,509	1,009,509	—	550,000
Budgetary fund balance, end of year	$ 677,184	$ 742,943	$65,759	$525,706

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$ 742,943
Receivables	2,973,338
Change in fair value of investments	(5)
GAAP basis fund balance, end of year	$3,716,276

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – MCS Federal Fund
Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 108,509	$ 108,509	$ —	$ —
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	—	165	165	2,655
Federal government	2,000,000	907,165	(1,092,835)	(741,108)
Amount available for appropriation	2,108,509	1,015,839	(1,092,670)	(738,453)
Charges to appropriations (outflows)				
Maintenance				
Program	2,000,000	909,039	1,090,961	741,144
Total charges to appropriations	2,000,000	909,039	1,090,961	741,144
Budgetary fund balance, end of year	$ 108,509	$ 106,800	$ (1,709)	$ 2,691

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$ 106,800
Receivables	302,850
Payables	(300,218)
GAAP basis fund balance, end of year	$ 109,432

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Grade Crossing Safety Fund

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$5,444,866	$5,444,866	$ —	$ —
Resources (inflows)				
License, fees and permits	1,300,000	1,285,657	(14,343)	(30,532)
Intergovernmental/cost reimbursements/miscellaneous	—	—	—	7,055
Amount available for appropriation	6,744,866	6,730,523	(14,343)	(23,477)
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	26,695	26,695	—	—
Program	4,350,080	833,245	3,516,835	2,745,969
Total charges to appropriations	4,376,775	859,940	3,516,835	2,745,969
Transfers to Railroad Expense Fund	(100,000)	—	100,000	100,000
Budgetary fund balance, end of year	$2,268,091	$5,870,583	$3,602,492	$2,822,492

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$5,870,583
Receivables	112,457
Payables	(175,246)
GAAP basis fund balance, end of year	$5,807,794

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Railroad Expense Fund

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 513,463	$ 513,463	$ —	$ —
Resources (inflows)				
License, fees and permits	850,000	665,300	(184,700)	(598,758)
Amount available for appropriation	1,363,463	1,178,763	(184,700)	(598,758)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	433,616	328,434	105,182	81,794
Fringe benefits	325,601	191,085	134,516	133,040
Expense and equipment	295,558	122,383	173,175	155,280
Total charges to appropriations	1,054,775	641,902	412,873	370,114
Transfers from Grade Crossing Safety Fund	100,000	—	(100,000)	—
Budgetary fund balance, end of year	$ 408,688	$ 536,861	$ 128,173	$(228,644)

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$536,861
Payables	(23,375)
Due to other funds	(14,093)
GAAP basis fund balance, end of year	$499,393

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Highway Safety Fund

Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$ 263,387	$ 263,387	$ —	$ —
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	—	12,849	12,849	1,201
Federal government	30,000,000	15,819,913	(14,180,087)	(10,615,311)
Amount available for appropriation	30,263,387	16,096,149	(14,167,238)	(10,614,110)
Charges to appropriations (outflows)				
Maintenance				
Personal service	356,502	296,213	60,289	58,095
Fringe benefits	291,376	162,300	129,076	135,204
Expense and equipment	55,000	52,231	2,769	5,982
Program	30,000,000	15,307,593	14,692,407	10,641,007
Total charges to appropriations	30,702,878	15,818,337	14,884,541	10,840,288
Budgetary fund balance, end of year	$ (439,491)	$ 277,812	$ 717,303	$ 226,178

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$ 277,812
Receivables	2,289,092
Payables	(1,599,428)
Due to other funds	(660,028)
GAAP basis fund balance, end of year	$ 307,448

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Motorcycle Safety Fund
Year Ended June 30, 2011
With Summarized Financial Information for 2010

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2011	Variances Between Final Budget and Actual 2010
Budgetary fund balance, beginning of year	$191,365	$191,365	$ —	$ —
Resources (inflows)				
License, fees and permits	425,000	366,683	(58,317)	(46,648)
Amount available for appropriation	616,365	558,048	(58,317)	(46,648)
Charges to appropriations (outflows)				
Maintenance				
Expense and equipment	4,728	4,728	—	—
Program	425,000	417,114	7,886	1,321
Total charges to appropriations	429,728	421,842	7,886	1,321
Budgetary fund balance, end of year	$186,637	$136,206	$(50,431)	$(45,327)

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2011
Budgetary fund balance, end of year	$136,206
GAAP basis fund balance, end of year	$136,206

This page intentionally left blank

Statistical Section

This page intentionally left blank

Index and Overview
Statistical Section

Sources:

Unless otherwise stated, information in the following tables is derived from the Missouri Department of Transportation (MoDOT) annual financial reports for the years shown.

Note:

The objective of this statistical section is to provide users with historical perspective by presenting information for multiple years. Over time, data for the most recent ten years will be presented. In fiscal year 2002, the Department implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments;* consequently, schedules presenting government-wide information commence with that year. In other cases, schedules originate with the year that the Department began tracking the information, the tracking process or data collection system changed, or it became administratively feasible to report retroactively.

This page intentionally left blank

Financial Trends
Net Assets – Government-wide
Years Ended June 30

(Amounts in Thousands)

Year	Invested in capital assets, net of related debt	Restricted	Total
2011	$24,603,720	$ 1,390,363	$25,994,083
2010	24,396,695	985,705	25,382,400
2009	24,461,090	678,643	25,139,733
2008	23,945,040	1,061,821	25,006,861
2007	24,016,417	788,665	24,805,082
2006	24,341,909	401,282	24,743,191
2005	24,234,053	387,012	24,621,065
2004	23,952,946	511,414	24,464,360
2003	23,937,412	457,734	24,395,146
2002	23,967,986	390,330	24,358,316

Note:

Amounts for 2009 include the restatement of beginning balances due to implementation of GASB 51, *Accounting and Financial Reporting for Intangible Assets.*

Amounts for 2003 and 2004 include the restatement of beginning balances due to transfers of Motor Carriers and Highway Safety functions from other state agencies.

Financial Trends
Changes in Net Assets – Government-wide
Years Ended June 30

(Amounts in Thousands)

	2011	2010	2009	2008
Transportation Program Expenses				
Administration	$ 33,168	$ 33,648	$ 34,834	$ 33,645
Fleet, facilities and information systems	44,866	55,543	54,464	56,721
Maintenance	412,469	433,729	424,327	406,374
Construction	318,551	268,009	257,943	240,821
Multimodal operations	64,873	110,151	85,999	74,128
Interest	147,720	138,106	106,538	102,344
Other state agencies	198,814	177,646	174,587	178,319
Missouri Constitution Article X refunds	—	—	—	—
Self-insurance	29,222	31,967	19,210	32,103
Medical and life insurance	94,472	90,644	89,774	87,710
Other post-employment benefits	79,025	83,132	65,804	69,731
Depreciation	747,674	876,501	751,246	746,456
Total transportation program expenses	2,170,854	2,299,076	2,064,726	2,028,352
Transportation Program Revenues				
Charges for services				
Licenses, fees and permits	274,673	284,337	290,399	291,843
Employee insurance premiums	32,591	30,868	29,047	26,534
Other	150,871	108,214	160,013	86,719
Total charges for services	458,135	423,419	479,459	405,096
Federal government				
American Recovery and Reinvestment Act	248,894	298,421	28,279	—
Operating	57,953	84,212	76,569	62,179
Capital	1,228,181	974,391	833,839	907,956
Total federal government	1,535,028	1,357,024	938,687	970,135
Total transportation program revenues	1,993,163	1,780,443	1,418,146	1,375,231
Net expense of transportation program	(177,691)	(518,633)	(646,580)	(653,121)
General Revenues				
Fuel taxes	499,416	503,488	499,506	514,908
Sales and use taxes	269,336	250,432	233,810	272,039
Unrestricted investment earnings	13,950	12,123	27,607	51,581
State appropriations	11,132	12,111	16,634	13,257
Donated assets	—	—	—	—
Gain (loss) on sale of capital assets	(4,460)	(16,854)	(1,928)	3,115
Total general revenues	789,374	761,300	775,629	854,900
Changes in Net Assets	$ 611,683	$ 242,667	$ 129,049	$ 201,779

Note:

Government-wide financial statements are prepared on a full accrual basis and include transactions related to capital assets and long-term obligations. These statements also include the effects of eliminating off-setting revenues and expenses related to the Department's internal service funds.

2007	2006	2005	2004	2003	2002
$ 38,887	$ 30,838	$ 29,703	$ 29,318	$ 37,040	$ 39,832
54,400	53,222	55,976	43,603	53,789	59,672
378,902	362,163	375,323	314,965	271,003	255,408
273,086	165,494	210,298	197,761	223,029	225,074
71,268	60,530	52,978	46,880	46,607	50,725
75,228	53,543	43,465	39,276	33,366	20,505
169,906	146,969	178,506	166,271	165,215	166,295
—	—	—	—	133	—
7,854	27,387	21,998	15,916	15,502	20,977
102,642	92,952	82,474	68,194	64,209	54,257
—	—	—	—	—	—
849,957	829,556	689,699	771,756	913,227	992,712
2,022,130	1,822,654	1,740,420	1,693,940	1,823,120	1,885,457
259,086	299,892	282,058	268,830	272,755	261,831
25,369	26,216	26,024	23,909	21,504	21,191
67,816	46,165	41,838	74,598	80,109	60,145
352,271	372,273	349,920	367,337	374,368	343,167
—	—	—	—	—	—
78,588	61,630	57,497	43,050	24,569	22,190
797,196	768,173	770,568	660,350	742,415	809,268
875,784	829,803	828,065	703,400	766,984	831,458
1,228,055	1,202,076	1,177,985	1,070,737	1,141,352	1,174,625
(794,075)	(620,578)	(562,435)	(623,203)	(681,768)	(710,832)
517,648	522,896	518,990	515,048	497,781	495,629
275,259	182,465	181,462	180,213	178,057	185,895
49,301	24,450	5,352	(12,846)	16,865	18,210
12,283	11,453	11,769	11,299	10,389	17,385
441	4	—	162	13,277	—
1,034	1,436	1,567	(2,238)	(3,117)	—
855,966	742,704	719,140	691,638	713,252	717,119
$ 61,891	$ 122,126	$ 156,705	$ 68,435	$ 31,484	$ 6,287

Financial Trends
Changes in Fund Balances – Governmental Funds
Years Ended June 30

(Amounts in Thousands)

	2011	2010	2009	2008
Revenues				
Fuel taxes	$ 499,416	$ 503,488	$ 499,506	$ 514,908
Sales and use taxes	269,336	251,343	234,599	270,339
Licenses, fees and permits	274,709	284,909	290,925	290,709
Intergovernmental/cost reimbursements/miscellaneous	131,809	128,160	139,105	80,668
Investment earnings	11,548	8,957	23,417	46,890
American Recovery and Reinvestment Act	248,834	298,333	28,279	—
State government	11,132	12,111	16,634	13,257
Federal government	1,283,838	1,059,348	909,634	970,135
Total revenues	2,730,622	2,546,649	2,142,099	2,186,906
Expenditures				
Administration	48,833	49,247	49,224	46,822
Fleet, facilities and information systems	49,110	59,586	56,986	58,933
Maintenance	450,103	471,740	466,143	433,653
Construction	338,482	293,021	273,099	264,693
Multimodal operations	65,112	110,412	86,202	74,303
Capital outlay	1,249,787	1,405,741	1,307,318	1,143,496
Debt service - principal	166,854	102,261	103,123	88,097
Debt service - interest	162,911	146,006	115,468	109,730
Missouri Constitution Article X refunds	—	—	—	—
Other state agencies	223,667	201,472	197,248	199,237
Total expenditures	2,754,859	2,839,486	2,654,811	2,418,964
Excess of revenues over (under) expenditures	(24,237)	(292,837)	(512,712)	(232,058)
Other Financing Sources (Uses)				
Notes issued	10,095	10,910	1,856	4,539
Bonds issued	—	1,085,000	142,735	526,800
Refunding bonds issued	130,390	—	—	—
Refunding bonds escrow payment	(150,477)	—	—	—
Bond interest rate swap	—	—	—	(11,118)
Premium on bonds	20,972	30,631	2,835	27,808
Discount on bonds	—	—	—	(170)
Capital leases issued	4,869	3,284	581	763
Refinancing capital leases issued	—	—	—	22,985
Capital lease termination payment	—	—	—	(22,559)
Capital asset sales	9,358	7,252	6,830	8,705
Transfers in	515,181	536,864	527,110	574,864
Transfers out	(515,181)	(536,864)	(527,110)	(574,864)
Total other financing sources (uses)	25,207	1,137,077	154,837	557,753
Net Changes in Fund Balances	$ 970	$ 844,240	$ (357,875)	$ 325,695
Debt service as a percentage of noncapital expenditures	22 %	17 %	16 %	16 %
Debt service as a percentage of total revenues	12 %	10 %	10 %	9 %

Notes:

Some amounts have been recategorized for comparability and implementation of GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions.*

Governmental fund financial statements are prepared on a modified accrual basis to report changes in net current financial resources. These statements differ from cash-based budget reports primarily because revenues are recognized if they are collected within 60 days of the end of the fiscal year and expenditures are recorded when the related liability is incurred, except that certain long-term obligations are recognized to the extent they have matured.

2007	2006	2005	2004	2003	2002
$ 517,648	$ 522,896	$ 518,990	$ 515,048	$ 497,781	$ 495,629
275,259	182,465	181,462	180,213	178,057	185,895
259,086	299,892	282,058	268,830	272,755	261,831
89,997	53,652	53,254	73,892	75,533	45,867
44,388	22,256	3,230	(12,812)	17,204	15,999
—	—	—	—	—	—
12,283	11,453	11,769	11,299	10,389	17,385
877,795	827,791	828,065	703,400	766,984	831,458
2,076,456	1,920,405	1,878,828	1,739,870	1,818,703	1,854,064
45,797	42,843	41,088	40,352	46,428	47,156
58,759	68,753	67,791	56,791	69,386	69,956
436,796	411,847	406,185	339,673	292,536	271,571
300,579	190,713	228,985	219,217	227,374	231,851
71,485	60,676	53,092	46,989	46,689	50,791
1,248,304	1,252,825	918,733	1,038,713	1,076,363	1,171,815
105,630	73,919	56,094	40,330	31,833	27,024
89,997	57,776	45,096	33,214	28,961	21,466
—	—	—	—	133	—
189,409	169,726	194,682	180,851	177,369	182,133
2,546,756	2,329,078	2,011,746	1,996,130	1,997,072	2,073,763
(470,300)	(408,673)	(132,918)	(256,260)	(178,369)	(219,699)
406	1,787	17,122	2,277	23,230	33,376
800,000	350,660	—	254,000	—	403,000
394,870	—	—	—	—	—
(432,408)	—	—	—	—	—
—	—	—	—	—	—
73,180	21,336	—	9,559	22	11,892
—	—	—	—	—	—
1,355	2,646	44,468	3,312	5,362	34,295
—	—	—	—	—	—
—	—	—	—	—	—
8,679	6,669	5,941	3,341	2,598	6,935
523,744	570,592	136,487	166,206	185,502	165,212
(523,744)	(570,592)	(136,487)	(166,206)	(185,502)	(165,212)
846,082	383,098	67,531	272,489	31,212	489,498
$ 375,782	$ (25,575)	$ (65,387)	$ 16,229	$ (147,157)	$ 269,799
15 %	12 %	9 %	8 %	7 %	5 %
9 %	7 %	5 %	4 %	3 %	3 %

Financial Trends
Fund Balances – Governmental Funds
Years Ended June 30

(Amounts in Thousands)

Year	Nonspendable - Inventories	Restricted - Highways and Transportation	Unassigned	Total
2011	$46,731	$1,567,005	$ —	$1,613,736
2010	43,711	1,569,055	—	1,612,766
2009	47,693	1,210,523	(489,690)	768,526
2008	42,443	1,083,957	—	1,126,400
2007	40,366	760,339	—	800,705
2006	37,673	388,576	(1,326)	424,923
2005	35,119	415,394	(15)	450,498
2004	30,577	485,308	—	515,885
2003	25,869	472,996	—	498,865
2002	27,505	613,360	—	640,865

Notes:

Amounts were reclassified due to implementation of GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions..*

Amounts for 2003 and 2004 include restatement of beginning balances due to transfers of Motor Carriers and Highway Safety functions from other state agencies.

Amounts for 2002 include the restatement of beginning balances due to the implementation of GASB 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

Financial Trends
Expenditures of Federal Awards
Years Ended June 30

(Amounts in Thousands)

Year	Roads and Bridges	Multimodal	Motor Carriers	Highway Safety	Total
2010	$ 1,244,642	$69,158	$1,701	$21,925	$ 1,337,426
2009	858,715	52,741	1,207	25,377	938,040
2008	909,643	46,440	1,410	17,208	974,701
2007	800,933	47,658	1,327	34,637	884,555
2006	764,803	45,148	1,434	28,596	839,981
2005	764,091	34,203	2,733	20,057	821,084
2004	660,692	28,588	2,458	13,132	704,870
2003	742,640	27,633	1,175	—	771,448
2002	809,262	21,567	—	—	830,829

Source:

MoDOT Schedule of Expenditures of Federal Awards prepared for inclusion in the State Auditor's single audit report for the state of Missouri

Notes:

Expenditures include State Emergency Management Agency amounts.

Fiscal year 2011 data is not yet available.

Motor Carriers and Highway Safety grants for fiscal years 2002 and 2002-2003, respectively, were reported with other state agencies.

Revenue Capacity
Revenue Base – State Motor Fuel Taxes
Years Ended June 30

(Amounts in Thousands)

				Distribution		
Year	**Gallons**	**Net State Receipts**	**Missouri Constitution Article X Refunds**	**Cities**	**Counties**	**MoDOT**
2011	4,033,033	$685,447	$ —	$103,065	$80,851	$501,531
2010	4,032,237	684,164	—	102,113	80,085	501,966
2009	4,002,068	680,862	—	101,685	79,750	499,427
2008	4,182,599	710,246	—	106,357	83,418	520,471
2007	4,141,906	704,071	—	105,875	83,036	515,160
2006	4,156,348	707,856	—	104,820	82,208	520,828
2005	4,182,914	710,343	—	106,890	83,831	519,622
2004	4,125,374	700,217	—	105,657	82,868	511,692
2003	4,005,507	679,397	437	101,791	79,832	497,337
2002	3,938,484	669,724	—	98,640	77,351	493,733

Source:

MoDOT Financial Services Division

Notes:

Amounts are provided on a cash basis.

Dollar amounts are shown net of motor fuel tax refunds.

Revenue Capacity
Revenue Rates – State Motor Fuel Taxes
Years Ended June 30

(Cents per Gallon)

Year	Total Fuel Tax Rate	Local Governments	MoDOT
2011	17.00	4.55	12.45
2010	17.00	4.55	12.45
2009	17.00	4.55	12.45
2008	17.00	4.55	12.45
2007	17.00	4.55	12.45
2006	17.00	4.55	12.45
2005	17.00	4.55	12.45
2004	17.00	4.55	12.45
2003	17.00	4.55	12.45
2002	17.00	4.55	12.45

Source:

MoDOT Financial Services Division

Note:

Motor fuel tax rates are established by Chapter 142 RSMo. Increases in these rates require a statutory change.

Revenue Capacity
Principal Revenue Suppliers – State Motor Fuel Taxes
Year Ended June 30

(Amounts in Thousands)

	2011
Gallons from top ten suppliers	3,404,169
Net revenue from top ten suppliers	$ 578,709
Net revenue from all suppliers	$ 685,447
Percentage from top ten suppliers	84 %

Sources:

Net revenue from top ten suppliers: Missouri Department of Revenue

Net revenue from all suppliers: MoDOT Financial Services Division

Remainder of information is extrapolated

Notes:

Top ten supplier information is released by the Department of Revenue only in the aggregate. Information on individual suppliers is not available. There are 117 total suppliers.

Principal revenue payer information is to be reported comparing fiscal year 2011 to fiscal year 2002. However, information for fiscal year 2002 is not readily available from the Department of Revenue.

Debt Capacity
Legal Debt Limit
Years Ended June 30

(Amounts in Thousands)

Year	Legal Limitations	Debt Issued Applicable To Limit (cumulative par)	Legal Debt Margin (excess available)	Ratio of Debt To Legal Limit
2011	$ n/a	$ —	$ —	— %
2010	n/a	—	—	—
2009	n/a	—	—	—
2008	n/a	—	—	—
2007	n/a	—	—	—
2006	n/a	—	—	—
2005	2,250,000	907,000	1,343,000	40
2004	2,250,000	907,000	1,343,000	40
2003	2,250,000	653,000	1,597,000	29
2002	2,250,000	653,000	1,597,000	29

Source:

MoDOT Financial Services Division

Notes:

Legal debt limitations apply only to road revenue bonds.

Sections 226.133 and 226.134 RSMo. authorized the issuance of road revenue bonds between 2001 and 2006, with a legal limit of $2.25 billion.

n/a: Article IV of the Missouri Constitution, amended in 2005, authorized the issuance of road revenue bonds, not subject to any legal limitations.

Debt Capacity
Ratios of Outstanding Debt
Years Ended June 30

(Amounts in Thousands)

	Debt Outstanding at June 30			
Year	**Road Bonds**	**Loans**	**Capital Leases**	**Total**
2011	$3,204,715	$ 23,678	$ 8,476	$3,236,869
2010	3,352,640	32,707	14,322	3,399,669
2009	2,355,925	27,164	19,646	2,402,735
2008	2,298,080	34,042	28,443	2,360,565
2007	1,833,795	46,453	35,225	1,915,473
2006	1,119,885	68,376	43,505	1,231,766
2005	828,500	80,830	53,514	962,844
2004	861,000	95,249	17,221	973,470
2003	630,455	101,338	22,982	754,775
2002	646,390	93,069	28,674	768,133

Sources:

Personal Income: United States Department of Commerce, Bureau of Economic Analysis

Population: United States Department of Commerce, Census Bureau

Notes:

Personal income and population are reported on a calendar year basis within the applicable fiscal year.

Ratio of Debt to Income		Ratio of Debt to Population	
Personal Income	Percentage of Personal Income	Population	Per Capita
$217,486,000	1.49 %	6,012	$538
213,238,000	1.59	5,987	568
205,288,000	1.17	5,912	406
198,757,000	1.19	5,878	402
188,399,000	1.02	5,838	328
178,036,000	0.69	5,788	213
170,392,000	0.57	5,745	168
164,163,000	0.59	5,706	171
160,014,000	0.47	5,676	133
155,843,000	0.49	5,642	136

Debt Capacity
Pledged Revenue Coverage Related to Revenue Bonds

Years Ended June 30

(Amounts in Thousands)

Year	Senior Bond Revenues (1)	Operating Expenses (2)	Senior Net Pledged Revenues Available	Senior Lien Bonds Principal	Senior Lien Bonds Interest	Senior Lien Bonds Coverage
2011	$ 913,655	$ 305,649	$608,006	$ 56,795	$28,443	7.13
2010	916,928	281,320	635,608	41,280	32,386	8.63
2009	906,977	277,087	629,890	39,540	34,339	8.53
2008	965,169	278,713	686,456	38,005	36,118	9.27
2007	959,049	269,210	689,839	36,740	38,899	9.12
2006	946,991	243,361	703,630	35,440	40,537	9.27
2005	904,978	545,048	359,930	32,500	43,788	4.72
2004	893,734	501,226	392,508	23,455	31,086	7.20
2003	867,255	476,193	391,062	15,935	28,041	8.90
2002	865,950	467,158	398,792	6,610	18,488	15.89

Year	Federal Reimbursement Revenues (5)	Expenses	Federal Reimbursement Bonds Net Pledged Revenues	Federal Reimbursement Principal	Federal Reimbursement Interest (6)	Federal Reimbursement Coverage
2011	$1,226,128	—	$ 1,226,128	$30,595	$36,026	25.75
2010	749,825	—	749,825	—	17,771	72.20
2009	—	—	—	—	—	—
2008	—	—	—	—	—	—
2007	—	—	—	—	—	—
2006	—	—	—	—	—	—
2005	—	—	—	—	—	—
2004	—	—	—	—	—	—
2003	—	—	—	—	—	—
2002	—	—	—	—	—	—

Sources:
MoDOT Financial Services Division

Notes:

(1) Senior Bond Revenues consist of various percentages of the state motor fuel tax, sales and use taxes and motor vehicle fees, as set by the State's constitution and statutes. Revenues are reported net of motor fuel tax refunds, and certain costs of collection, and exclude the State Road Bond Fund.

(2) Operating expenses consist of retirement benefit costs, the cost of enforcement of motor vehicle laws and costs of other highway-related activities. Prior to fiscal year 2006, additional MoDOT operating expenses, principally personnel expenses and administrative costs, were paid from the Highway Fund. Prior year expenses may be adjusted for reimbursements in subsequent years.

(3) State Road Bond Fund taxes.

(4) First, Second, Third Lien Net Pledged Revenues consist of various percentages of the state motor fuel tax, sales and use taxes and motor vehicle fees, as set by the State's constitution and statutes. Revenues are reported net of motor fuel tax refunds, and certain costs of collection, including State Road Bond Fund taxes, less Senior Lien Bonds principal and interest.

(5) Federal highway reimbursement revenues, excluding American Recovery and Reinvestment Act and reimbursements passed through to other political entities.

(6) Federal reimbursement interest does not include $9.0 million interest paid from the Bond Proceeds Capitalized Interest Fund in 2009-2011.

First, Second, Third Lien Revenues (3)	First, Second, Third Lien Net Pledged Revenues (4)	First Lien			Second Lien			Third Lien		
		Principal	Interest	Coverage	Principal	Interest	Coverage	Principal	Interest	Coverage
$97,917	$620,685	$48,025	$45,721	6.62	$ 1,600	$26,088	5.11	$ —	$10,048	4.72
93,744	655,686	41,725	47,609	7.34	5,280	26,299	5.43	—	4,786	5.22
91,013	647,024	35,575	49,140	7.64	9,775	26,690	5.34	—	687	5.31
84,476	696,809	24,510	50,204	9.33	—	16,978	7.60	—	1,662	7.47
65,738	679,938	23,530	40,651	10.60	—	—	—	13,080	2,339	8.55
26,096	653,749	23,835	10,392	19.10	—	—	—	—	2,047	18.03
—	283,642	—	—	—	—	—	—	—	—	—
—	337,967	—	—	—	—	—	—	—	—	—
—	347,086	—	—	—	—	—	—	—	—	—
—	373,694	—	—	—	—	—	—	—	—	—

Demographic and Economic Information
Population, Personal Income and Unemployment Rate

Years Ended December 31

(Amounts in Thousands)

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	6,012	$217,486,000	$36	9.2 %
2009	5,988	213,238,000	36	9.2
2008	5,912	205,288,000	35	6.0
2007	5,878	198,757,000	34	5.1
2006	5,838	188,399,000	32	5.2
2005	5,788	178,036,000	31	6.3
2004	5,745	170,392,000	30	5.9
2003	5,706	164,163,000	29	5.9
2002	5,676	160,014,000	28	5.7
2001	5,642	155,843,000	28	4.8

Sources:

Population: United States Department of Commerce, Census Bureau

Personal Income, Per Capita Personal Income and Unemployment Rate: United States Department of Commerce, Bureau of Economic Analysis

Demographic and Economic Information
Employment Sectors
Years Ended December 31

(Amounts in Thousands)

	2010			2001		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Trade, transportation and utilities	518	1	19 %	554	1	20 %
Government	469	2	18	443	2	16
Education and health services	411	3	15	348	3	13
Professional and business services	309	4	12	309	5	11
Leisure and hospitality	267	5	10	248	6	9
Manufacturing	249	6	9	334	4	12
Financial activities	157	7	6	160	7	6
Other services	120	8	5	118	9	5
Construction, natural resources and mining	102	9	4	143	8	5
Information	61	10	2	72	10	3
Total	2,663		100 %	2,729		100 %

Source:

United States Department of Labor, Bureau of Labor Statistics

Note:

Information on employers is provided at the more general level of employment sectors, rather than the top ten specific employers of the state of Missouri. This data is more relevant to the mission of a transportation system.

Demographic and Economic Information
Licensed Drivers with Population Data
Years Ended June 30

(Amounts in Thousands)

Year	Licensed Drivers	Change In Licensed Drivers	Population	Change In Population
2010	4,246	28	5,988	76
2009	4,218	21	5,912	34
2008	4,197	35	5,878	40
2007	4,162	22	5,838	50
2006	4,140	5	5,788	43
2005	4,135	87	5,745	39
2004	4,048	82	5,706	30
2003	3,966	35	5,676	34
2002	3,931	69	5,642	36
2001	3,862	6	5,606	138

Sources:

Licensed Drivers: Missouri Department of Revenue for federal reporting

Population: United States Department of Commerce, Census Bureau

Notes:

Fiscal year 2011 licensed drivers data is not yet available.

Licensed drivers data for 2001 is reported on a calendar year basis.

Population is reported on a calendar year basis within the applicable fiscal year.

Demographic and Economic Information
Vehicle Registrations with Fuel Tax Receipts

Years Ended June 30

(Amounts in Thousands)

Fiscal Year	Registrations	Percentage Change in Registrations	Net State Fuel Tax Receipts	Percentage Change in Fuel Tax Receipts	Fuel Tax Receipts per Registration
2010	6,691	10.5 %	$684,164	0.5 %	102
2009	6,057	1.6	680,862	(4.1)	112
2008	5,961	(0.6)	710,246	0.9	119
2007	5,997	(0.7)	704,071	(0.5)	117
2006	6,040	7.7	707,856	(0.4)	117
2005	5,609	(1.9)	710,343	1.4	127
2004	5,715	14.9	700,217	3.1	123
2003	4,974	(7.2)	679,397	1.4	137
2002	5,362	11.3	669,724	2.5	125
2001	4,819	(3.2)	653,674	(3.0)	136

Sources:

Registrations: Missouri Department of Revenue, Missouri State Highway Patrol and MoDOT for federal reporting

Fuel Tax Receipts: MoDOT Financial Services Division, cash basis

Notes:

Fiscal year 2011 registrations data is not yet available.

Registration data from 2001 is reported on a calendar year basis.

Prior year data changed by source.

Operating Information
Demand and Level of Service Indicators
Years Ended December 31

	Daily Vehicle Miles Traveled (Amounts in Thousands)				
Year	**Non-State Highways**	**State Highways**	**Total Public Highways**	**Population (Amounts in Thousands)**	**Average Daily Miles Per Capita**
2010	70,630	130,628	201,258	6,012	33.5
2009	69,096	130,047	199,143	5,988	33.3
2008	68,086	130,703	198,789	5,912	33.6
2007	69,150	134,149	203,299	5,878	34.6
2006	55,829	132,758	188,587	5,838	32.3
2005	55,763	132,604	188,367	5,788	32.5
2004	55,874	132,635	188,509	5,745	32.8
2003	55,162	130,945	186,107	5,706	32.6
2002	55,615	131,130	186,745	5,676	32.9

Sources:

Daily Vehicle Miles Traveled: MoDOT Transportation Planning Division

Population: United States Department of Commerce, Census Bureau

Note:

Certain 2007 data was revised by source

This page intentionally left blank

Operating Information
Demand and Level of Service Indicators
Years Ended June 30

	Freight Tonnage By Mode (Amounts In Thousands) (1) (2)				Travel Information by Mode		
Year	Port (5)	Motor Carrier	Aviation	Rail	Number of Transit Passengers	Number of Amtrak Rail Passengers (5)	Number of Business Capable Airports (2)
2011	n/a-cy	n/a-cy	n/a-cy	n/a-cy	n/a-src	683,000	n/a-cy
2010	25,000	398,000	182	441,000	59,900,000	636,000	34
2009	24,000	368,000	190	416,000	67,700,000	579,000	34
2008	26,000	361,000	240	412,000	67,900,000	532,000	32
2007	29,000	470,000	260	410,000	64,200,000	433,000	30
2006	35,000	399,000	267	441,000	70,400,000	433,000	29
2005	28,000	418,000	278	400,000	66,000,000	422,000	29
2004	32,800	419,000	282	405,000	64,600,000	402,000	29
2003	34,100	385,000	290	395,000	65,100,000	390,000	27
2002	30,000	363,000	299	380,000	67,700,000	427,000	27

Source:

MoDOT Tracker – Measures of Departmental Performance

Notes:

(1) Due to data reporting variability between the various modes and the private and public sectors, this measure represents generalized trends in freight development and movement, and should not be construed as absolute tons moved per year for each of the modes.

(2) Measured on a calendar year basis.

(3) Measurement was changed in 2010 to better reflect current department focus.

(4) Measurement criteria changed in 2010.

(5) Prior years data may be updated for information received in subsequent years.

n/a-cy: not available - calendar year basis.

n/a-src: not available - external source provides data.

Road and Bridge Projects		Safety		
Percent of Programmed Project Cost As Compared To Final Project Cost (3)	Percent of Projects Completed on Time	Number of Fatalities from Traffic Crashes (2) (5)	Number of Disabling Injuries from Traffic Crashes (2) (5)	Percent of Stripes Meeting Expectations (2) (4)
(15.39) %	96 %	n/a-cy	n/a-cy	n/a-cy
(11.48)	97	821	6,095	81.0 %
0.31	93	878	6,539	74.2
(2.27)	91	960	6,931	89.6
(2.57)	88	992	7,744	78.3
1.61	76	1,096	8,151	81.5
(2.84)	73	1,257	8,624	n/a
3.98	72	1,130	8,857	n/a
1.73	71	1,232	8,730	n/a
(0.79)	73	1,208	9,156	n/a

Operating Information
Capital Asset Indicators (1)
Years Ended December 31

Year	Centerline Miles (2)	Percentage of Major Highways in Good Condition (3)	Number of Deficient Bridges
2010	33,702	85.8 %	2,486
2009	33,639	86.5	2,679
2008	33,676	83.4	2,838
2007	33,685	78.0	2,844
2006	33,681	74.0	2,836
2005	32,423	60.8	2,892
2004	32,403	47.4	2,907
2003	32,397	44.5	2,959
2002	32,340	45.0	3,029

Sources:

MoDOT Tracker – Measures of Departmental Performance

Centerline miles provided by Transportation Planning Division

Notes:

(1) Assets of non-highway modes are not owned by the state. MoDOT administers funds to those entities, primarily through federal and state grants.

(2) Beginning in 2006, outer roadways were included in the mileage report.

(3) The Department's emphasis on Smooth Roads Initiative projects in 2005 and 2006 significantly increased the condition of major highways.

Operating Information
Capital Asset Indicators
Years Ended December 31

	Total Public Centerline Miles								
Functional Classification	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Rural									
Interstate	722	722	722	722	800	800	801	801	799
Freeway/Expressway	953	2	2	—	—	—	15	—	2
Principal Arterial	2,171	3,115	3,116	3,117	3,246	3,171	3,175	3,196	3,170
Minor Arterial	3,944	3,948	3,927	3,927	4,076	4,135	4,025	4,015	3,916
Collector	1	1	1	3	63	3	6	3	6
Major Collector	16,184	16,181	16,210	16,213	16,381	16,458	16,723	16,692	16,820
Minor Collector	5,944	5,948	5,961	5,966	5,995	5,949	5,771	5,775	5,740
Local	935	885	875	869	922	21	25	56	55
Urban									
Interstate	459	459	459	459	381	381	380	380	382
Freeway/Expressway	470	398	397	399	343	344	330	329	285
Principal Arterial	730	803	808	811	701	694	702	708	729
Minor Arterial	527	526	516	513	352	340	334	335	334
Collector	413	410	437	442	234	110	98	90	57
Major Collector	1	—	—	—	1	1	1	—	24
Minor Collector	—	—	—	—	—	—	—	—	—
Local	248	241	245	244	186	16	17	17	21
Total Centerline Miles	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397	32,340
Statewide Composite									
Interstate	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181
Freeway/Expressway	1,423	400	399	399	343	344	345	329	287
Arterial Systems	7,372	8,392	8,367	8,368	8,375	8,340	8,236	8,254	8,149
Collector Systems	22,542	22,540	22,609	22,624	22,674	22,521	22,599	22,560	22,647
Local	1,184	1,126	1,120	1,113	1,108	37	42	73	76
Total Centerline Miles	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397	32,340

Source:

MoDOT Transportation Planning Division

Note:

Beginning in 2006, outer roadways were included in the mileage report.

Operating Information
Employee Full-Time Equivalents (FTE)
Years Ended June 30

	2011	2010	2009	2008	2007
District Offices	5,183	5,541	5,512	5,577	5,765
Central Office	1,028	1,096	1,124	1,189	1,233
Total	6,211	6,637	6,636	6,766	6,998

Source:

State of Missouri payroll reporting system

Note:

Prior years data was combined to conform to statewide reorganization.

Other Information

This page intentionally left blank

BKD LLP
CPAs & Advisors

910 E. St. Louis Street, Suite 200
P.O. Box 1190
Springfield, MO 65801-1190
417.865.8701 Fax 417.865.0682 www.bkd.com

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Missouri Department of Transportation (Department) as of and for the year ended June 30, 2011 which collectively comprise its basic financial statements, and have issued our report thereon dated September 23, 2011, which contained an explanatory paragraph regarding a change in accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the governing body, management and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

September 23, 2011